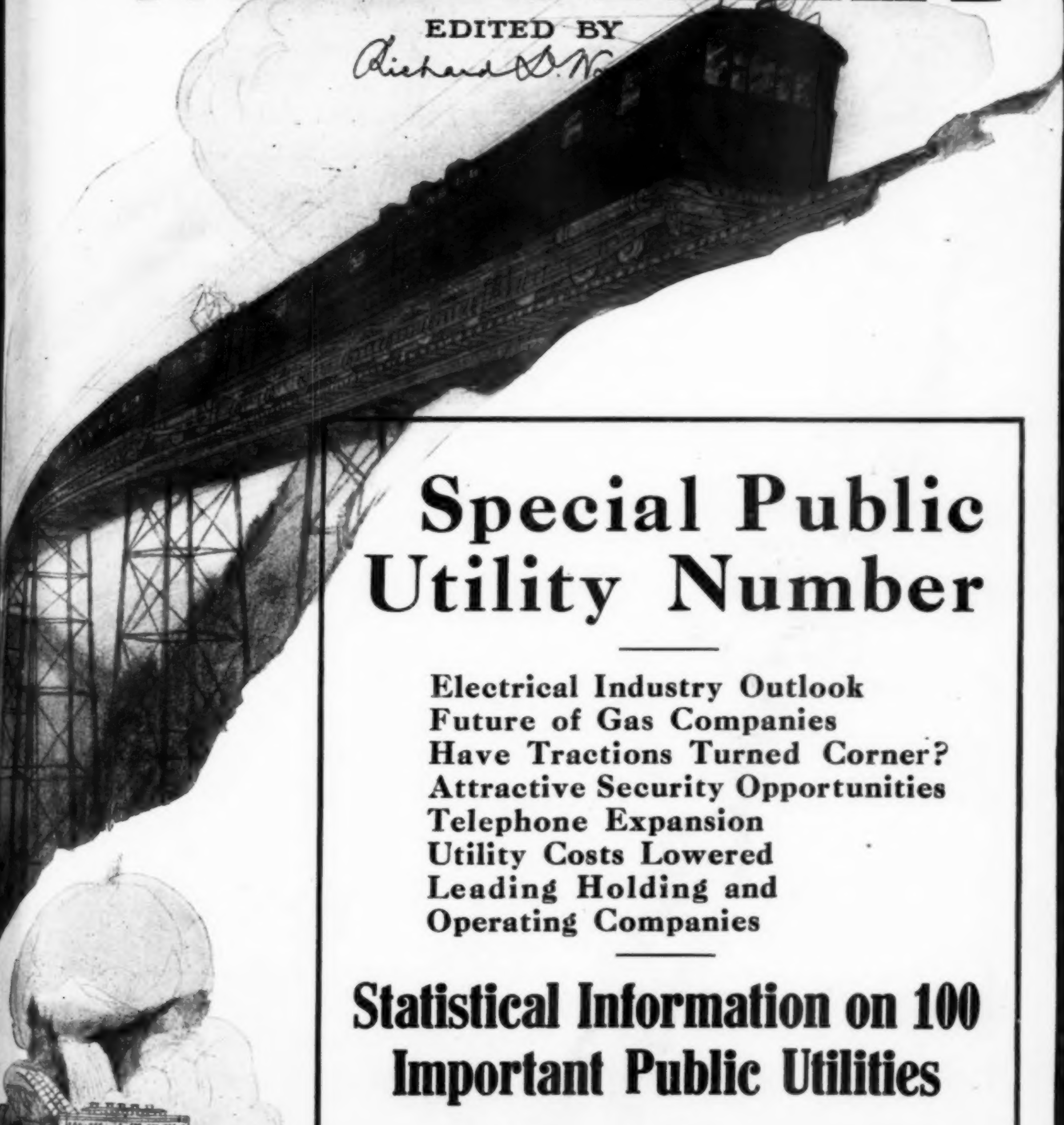
The MAGAZINE of WALL STREET

EDITED BY
Richard D. W



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CONTENTS

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July 18

With the Editors

How One Wary Investor Succeeded in Increasing His Income

WE had never suspected that our dentist was an investor and a successful investor at that. Nothing that he said in the breathless intervals between drilling and poking around in our teeth ever suggested that fact. Our curiosity piqued we asked him one day recently whether he had ever taken pains to study the possibilities of increasing his income through investments. He smiled. "Let me show you this," he said and pulled out of his pocket a typewritten sheet on which was written a long list of securities. We glanced over it. It looked to us like the portfolio of a bank. Among other securities listed we saw the following: Lawyers' Title & Trust; Chase National; Continental Insurance Co.; Cons. Gas of N. Y.; American Typefounders; Atlantic Refining preferred; Globe & Rutgers; American Tel. & Tel.; Standard Oil of New Jersey; Sears, Roebuck; N. Y. Central; and Atchison.

"That is the list of securities I am now holding," he said. "I've held some of them for years at prices much lower than the present. In some cases, I have continued to buy at increasingly higher prices. Price has meant nothing to me, if I believed in the future of the company."

"Don't you intend to take some of your profits?" we asked.

"Why should I? Most of my securities are banking or insurance issues. These are businesses which must continue to grow as the country grows. The present price of these stocks will look low a few years from now. Besides, the dividends I receive are increasing and are most likely to increase. If I sold these issues, could I substitute them with better ones? Perhaps, but I am not willing to take the chance. My other securities are high grade. None of them are really speculative. Each company is a leader in its line. The chances are these companies will continue to grow. You will notice I have bought only securities representing extremely strong companies financially. I am not interested in others. I do not buy for quick turns in the market. I admit I should like to sometimes because this phase is fascinating but since I have succeeded so well without speculation, I am satisfied. Truth to tell, I am interested only in safely building up my income. I should, of course, like big and quick profits but I don't dare to try for them."

Amazed at this simple recital of what has proved to be the soundest investment method, we asked him where he got his ideas. A smile accompanied his assertion. "Frankly, from no other source but your own magazine. I like its truthful quality. I read most of its recommendations but accept only those which I feel are suitable for my purpose. I realize, of course, with such a large number of readers as you have you must cater to all needs. It is sufficient however for me to know that I can always find the type of security I want there. If anybody is entitled to credit for my good financial showing, it is your organization. All I have done is to follow its recommendations when they fitted in with my purposes." Going home that night, we picked up a newspaper. SMASH IN STOCK MARKET CARRIES PRICES TO NEW LOW LEVELS—was one of the headlines. Our dentist friend, we thought, could hardly be affected by this development. Fortunate and sensible investor!

In The Next Issue August 1

1. ***Investment Diversification—For Whom?***
—an analysis of the best methods of diversification in security investment. This article will be found particularly helpful by small investors who are generally at a loss to apply the principle of diversification as practiced by large holders.

2. ***Debutantes on the New York Stock Exchange***
—covering all the leading new stocks listed on the Big Board during the past few months. Among them will be found several strikingly good opportunities. For investors interested in "specialty" stocks, this article should contain much that is suggestive.

3. ***Lame-Ducks Among the Oils***
—a study of the cheap oils and their prospects. Will these companies be aided by the strength in the general oil situation or are their days numbered regardless of conditions in the industry? Holders of this class of stocks—limited to those on the N. Y. Stock Exchange—should read this authoritative article.

4. ***Short Term Bonds***
—though there are not many short-term issues which yield an attractive rate, we have managed to uncover a few opportunities. This is an article not only for bond buyers but for those who are unwilling to make stock commitments at current high levels, yet who wish to obtain a higher yield than that had from banks.

Other articles of importance: The "Loree" Plan; Foreign Bond Situation; More About Inheritance Taxes and Securities; Municipal Bond Financing; Position of Metal Industries. This issue is comprehensive and worth having.

The MAGAZINE of WALL STREET

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RICHARD D. WYCKOFF

MANAGING EDITOR
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INVESTMENT & BUSINESS TREND

Autumn Business Prospects—New Listings and Their Effect on Market—Farm Industries—Commodity Price Movement—Shipping Still Depressed—Market Prospect

WITH the half year ended, the opportunity is afforded to examine the business record thus far with the purpose of ascertaining the outlook for the next few months. From examination of available statistics, particularly car loadings and bank clearings, it is evident that the volume of business during the first half of the year was satisfactory. Goods moved freely from manufacturer to consumer and shelves at present are not too heavily stocked. There has been some recession in output and several basic industries, especially coal, are by no means in a strong position. On the other hand, the percentage of unemployment is surprisingly small, the slack evidently having been taken up by farm operations. Conditions at present are quiet but a quickening process is noted under the surface. Thus, steel and metal prices have started to advance after a number of months of decline. The crop outlook is reasonably good though prices are off, yet the total money value of the crops will be large enough to sustain the belief in increased farm demand for miscellaneous goods and services. Money rates promise to continue easy for several months though an increase is looked for in autumn. Foreign trade figures show that both imports and exports are tending to increase.

These factors seem to offer encouragement as to autumn prospects. No boom is expected, rather a period of active competition with the margin of profit limited, as at present. Still, the situation seems to offer assurances of a sort which were entirely lacking several months ago.

NEW LISTINGS THE continuous increase in number of new stocks listed on the New York Stock Exchange bids fair to bring the total number listed well above the thousand mark by the end of the year. Many industries are now listed on the main exchange, including a number which are almost brand new. The addition of these securities has brought thousands of new investors to an interest not only in these new securities but in the Stock Exchange and in all that is known as Wall Street. From a purely local affair the big Exchange has grown to national and international proportions. Millions of investors are now interested in its doings compared with perhaps a hundred thousand, thirty or forty years ago. All the more reason for the Exchange to continue on its path of reform and improvement. These developments would seem, in any event, to strengthen the position of the individual investor and make him more secure in his dealings. In the last analysis, too, we must not forget that the tremendous bulk of issues now listed makes it more and more difficult to manipulate the market. Thus, the safety factor all around is slowly but surely being increased.

FARM INDUSTRIES THE crop situation is reasonably good and prices are fair. This leaves a margin of profit. Farmers, indeed, are in a considerably improved financial position and have made progress in paying off their debts. This is noted by the fact that

in many of the farm districts, the local banks are showing an increasing ability to take care of their own commitments without leaning too heavily, as in past days, on the Federal Reserve system. Farm communities are now busy with their crops but are expected to increase their purchases for personal and domestic uses as soon as crop prospects become more definite. Types of business which are already benefiting from farm progress are: mail order, fertilizer, automobiles and related industries, and lumber. Along with the improvement in purely agricultural pursuits, there has been a decided change for the better in the packing industry. It is easily seen that the general farm situation is rapidly returning to normal so far as its financial aspects are concerned.

COMMODITY PRICES

THE situation here is quite mixed but, on the whole, a firming tendency is noted. As previously expressed, steel prices for the first time in months are commencing to show stability. Metal prices, likewise, have started an uptrend. Petroleum prices are considerably above those of a year ago. Rubber is much higher. Grain prices are off from the year's peak but are still about 30% above those of a year ago this time. Cotton prices are weak due to the outlook for an exceptionally large crop. With buyers showing a disposition to enter the market for autumn requirements on an increasingly large scale, it is probable that many of the important commodities will be advanced moderately in price.

SHIPPING DEPRESSED

WITH the exception of the bituminous coal industry, shipping is practically the only great industry which has still to recover from the post-war depression. It seems that our private lines find it difficult to meet foreign competition, with their much lower labor rates; and in particular are suffering from U. S. Shipping Board competition. Some improvement has been noted in the earnings of several of the more important private companies which have economized as much as possible and sought to increase their traffic by appealing to student travelers and others, offering them accommodations at low rates. Although this has attracted a good deal of business, in the final analysis the shipping companies must depend largely on their freight for the bulk of their revenues. In this instance, it is clear that the competition offered by foreign and U. S. Shipping Board vessels is in the way of a genuine recovery so far as the private American lines are concerned. Sale of Government ships to private interests would, of course, do much to rectify the situation as it would tend to equalize matters. It is obvious that where the Government can afford a whacking loss each year in the operation of its ships, private lines are not in such a position. All this would seem to account for the weakness in shipping shares.

THE MARKET PROSPECT

THE fortnight's developments, from a business viewpoint, were constructive. Government crop estimates, while not favorable as to wheat, indicated a huge corn yield and an exceptionally large cotton output. Bank clearings for June showed a gain of 19.6% over the previous June and for the full six months showed a gain of 15% over the corresponding period of last year. Freight car loadings are ahead of last year with indications of a record in the second half. The quickening process noted in business several weeks ago has become more pronounced.

When all these factors are taken into account naturally it is apparent that the trend of business in general is upward and that it will continue so for a few months at least, as witnessed by the fact that consumers show an increasing disposition to order for future delivery in anticipation of price advances later on.

The stock market is taking cognizance of this outlook and the averages have made a new high for the year. During the past few days, however, reactionary influences have been quite visible indicating that for the time being operations for the rise are meeting resistance but this is only of technical concern, since the underlying situation is firm. In a market of nearly 1,000 stocks, it is obvious that no single formula can cover the outlook for the entire market. However, where the outlook favors specific industries, it is likely that important securities representing such industries, particularly those which are steadily recovering from former depression, such as fertilizer, packing, steel, petroleum and metals, will register further advances. In the meantime, it is important to note that many groups such as automotive, tire, public utility and some of the merchandising issues have already amply discounted their prosperous condition.

Monday, July 13, 1925.

Family Bank Roll Out of Tax Trenches by Christmas?

How Big and Small Incomes Will Be Affected by Next Tax Cut

By AARON HARDY ULM

SPONSORED largely by men who opposed it when first put forward, the "Mellon Plan" of Federal taxation which was rejected by the 68th Congress will be passed by the 69th Congress, with a consequent reduction of around $300,000,000 or more in Federal taxes. This necessarily is a prediction but is as nearly a certainty as any forecast can be. It won't be adopted as the "Mellon Plan." It won't be known as a Treasury plan and only in a general way as an administration plan. What is done won't adhere exactly to Secretary Mellon's recommendations of a year and a half ago. He no doubt would modify some of them now, for conditions have changed.

Some who now advocate its main essentials still are opposed to some features of that plan. But unless all signs fail, its main essentials will be put into law—and possibly more. It is not entirely improbable that the next Congress will out-Mellon Mellon in adjusting Federal taxation along conservative lines. In fact, the Mellonesque conservatism of a year and a half ago may be elaborated into a radicalism when the next Congress begins to deal with taxes.

The box on this page gives what, broadly, is likely to be done. Such, be it remembered, isn't anybody's plan. Those who will have powerful precedence in the premises are carefully putting forth no "plans," for they have learned that that is the best way for keeping one from being adopted.

While Treasury Department officials avoid all talk about "plans," a persistent "propaganda" is being carried on, as has been done since the last revenue bill was adopted for the principles of the so-called "Mellon Plan." This is being done in large part by persons only indirectly of the Treasury, by persons like Frank W. Mondell, former House leader and of the War Finance Corporation. The big point of this "propaganda" is reduction of the high surtaxes on big incomes.

And there has been a surprising change in the Congressional attitude as to that. A year and a half ago, adherents of the Administration had to exert their supreme strength in order to procure a 10 point reduction in the maximum surtax, or from 50 to 40 per cent. Now, it is possible they will have to exert that strength to prevent a reduction being made below what is needed to bring in the necessary revenues. Even Senator Couzens of Michigan, formerly the arch-foe of all that bore the Mellon stamp and firm opponent of the theory that high surtaxes promote evasions more than they produce revenues, is now for a cut beyond what has been advocated by the Treasury. Chairman Green of the House and Ways and Means Committee, who also opposed the Mellon Plan, is now for adjustments in the income tax along the lines of that plan.

Some members of Congress go even further than Couzens or Green. Senator Underwood, the Democratic conservative who framed the first income tax act, would put this tax back substantially on the pre-war basis, the maximum tax thereon being only 13 per cent. Other Democrats, like Glass of Virginia who is a former Secretary of the Treasury, King of Utah and Caraway of Arkansas have expressed somewhat similar views.

There still are members of Congress who talk about the necessity for "soaking the rich" and relieving the poor in the matter of income taxes.

The Tax Program

1. *Reduction in Federal taxes in the amount of from $300,000,000 to $400,000,000, the bulk of it being in those on personal incomes.*
2. *Reduction in the maximum surtax to 25 per cent or less.*
3. *Graduated reductions in surtaxes to the extent of from 10 to 25 per cent.*
4. *The exemption minimums will be raised, also the beginning bracket for surtaxes.*
5. *The normal tax probably will be fixed at 2 per cent for all incomes, with the present 25 per cent offset for "earned" incomes within a maximum that will be raised.*
6. *Modification of the gift tax.*
7. *Possibly a modification of the capital gains tax.*
8. *Modification, if not abandonment, of Federal estate taxes.*
9. *The repeal of some and reduction in others of the remaining "nuisance" taxes.*
10. *An absolute limitation of five years' time for holding open any income tax cases.*


Representative Green


Secretary Mellon

Can the Super-Rich Be "Soaked"?

Figures like those in the following compilations taken from Treasury Department analyses are what has brought Congressional sentiment around to the Mellon view as to high surtaxes on incomes:

	Year	No. of Returns	Average Rate of Tax	Aggregate Yield
Incomes of $300,000 to $500,000	1921	162	51.94	$31,859,630
	1922	3[illegible]9	37.27	43,488,227
	1923	327	25.42	31,668,552
Incomes of $500,000 to $1,000,000	1921	63	58.70	25,112,090
	1922	161	35.81	38,559,344
	1923	141	26.81	25,498,234
Incomes of $1,000,000 and over...........	1921	21	63.59	31,419,726
	1922	67	35.02	49,517,639
	1923	74	23.53	35,788,475

Despite the fact that they were supposed to be taxed much heavier, million-dollar incomes actually bore a lower rate in 1923 than did incomes of the two next lower groups. This was because of the capital gains tax which was limited to 12½ per cent. Treasury studies show that a vast proportion of the income reported in the above brackets for both 1922 and 1923 was due to that low rate. It is worth while noting the percentage of the total taxes collected from personal incomes which was derived from those of $300,000 or more for the last four years for which there are figures:

1920	12.26 per cent
1921	12.28 per cent
1922	15.28 per cent
1923	13.20 per cent

Thus the lower rates of 1922 and 1923 brought from these super-incomes larger proportions of all collected than during the last two years of high war rates.

But most of those who so far have expressed themselves in that way as to the new revenue bill are not leaders. What the erstwhile LaFollette group, which clogged the works during the last Congress will do is not known. It doesn't matter; for there is no such group now.

The ordinarily powerful Senator Borah of Idaho has expressed himself as opposed to the program which seems to be shaping up. But Borah is weakest when the problem is one of drab figures. His influence in tax fights is limited usually to his own vote. Senator Smoot of Utah, who is the big factor there, is for the program.

While he has stated that he will recommend a reduction, the President has not indicated the form or the amount of the cut he will favor. These depend somewhat on facts not yet in hand. Collection for the fiscal year ending on June 30 are not known at this writing. They will show a surplus of from $200,000,000 to $300,000,000. Less is known definitely as to the yield of revenues under the last act, which applies to taxes on incomes for the calendar year of 1924. But enough is known to lead the Treasury and the President to estimate that the collections for this fiscal year, provided the rates on this year's incomes are not cut, will yield a surplus of at least $290,000,000. This figure probably is conservative. The surplus, however, will be obviated or greatly reduced by the new revenue act, to be passed by the new Congress, and which will apply to collections for the last half of the fiscal year, that is, to this year's incomes.

The House Ways and Means Committee will meet on October 19, for the purpose of holding hearings and framing the new act in advance of the assembling of Congress on December 7. Chairman Green states that the bill will be ready for report as soon as Congress meets and that it should be passed by the House by the Christmas holidays. This will allow sufficient time for the Senate to pass it in time for it to be effective before returns are made on this year's incomes. There will be no rebating as provided in the last bill; for present rates, they say, make that impracticable no matter what the circumstances may be.

The bill will have to do chiefly with income taxes, though all those of internal revenue kind will be reviewed. There will be no tinkering with the tariff if those in places of dominancy can prevent it, and there is scarce doubt that they can. Changes in excise taxes probably will follow the rule of numbers and persuasion. This should make the situation favorable for a repeal of the automobile taxes; as the affected trades already are making a propaganda for that and the millions of car owners are not apt to oppose it. The jewelry people, too, are agitating in a similar way. The cigar people, whose consuming public is turning more and more to cigarettes, are asking for help by way of tax reduction. These are about the only interests that, so far, are displaying any big concern as to the excise taxes. The corporation income tax, which, being uniform, is in most part an excise tax, is not likely to be changed.

The big issues will have to do with the income taxes, and particularly those of the personal kind. If the bulk of the reductions apply there, the cut should average, for those affected, around 25% or more.

Exemptions no doubt will be raised, probably to $3,000 for single and to $4,000 for married persons. There will be much agitation for even higher exemptions. The problem is more one of higher expediency than of revenues. Persons with incomes under $4,000 don't pay the Government much more than it costs to collect from them. Even if all under $10,000 were exempted from all tax the loss would be only about $100,000,000, and the income tax collection forces could be cut one-half or more. But many people think that persons of only moderate incomes should be kept within the taxed class, for the reason that it gives them a tangible interest in their own Government.

What is done as to the general rates will depend a good deal on what is decided as to the effect of reducing the maximum to 25% or less. Treasury experts still hold that this will bring about no material loss of revenue and quite probably will produce increases from affected sources. The evidence on which this belief is based still is, while strong, only circumstantial. All that they have to go on are the figures for 1922 and 1923, when the maximum surtax was 50% as against the war time maximum of 65%, and the effect of cutting the levy on income derived from capital gains to a maximum of 12½%.

These figures indicate that extreme surtaxes affect the revenues adversely through causing persons of big incomes to seek ways of evasion, such as by investment in tax-free securities of which there always is ample supply. Incidentally, nothing will be done about the tax-free security, for virtually all who favor it are now convinced that the States will not ratify an amendment making it taxable.

It is doubtful, too, if Congress abandons the estate tax, though President Coolidge and the Treasury Department favor that being done. Chairman Green is opposed to repeal. He would modify the present tax by increasing allowances to the States, in the direction of uniformity. If not repealed, the estates tax quite probably will be reduced, particularly the present maximum of 40% which Treasury folk say tends more to reduce than to increase revenues from that source.

The gift tax probably will be modified.

The capital gains tax may be modified, possibly repealed in line with Treasury recommendations. In that event, no allowance would be made for capital losses. The Couzens committee claims that the record shows that more revenue is lost through allowances now permitted than gained by that tax.

Whatever the details of it, the next revenue bill probably will envisage "rock bottom" as to the volume of Federal taxes. It will be predicated on an annual cost, aside from that of the mostly self-sustaining Postal Service, of only about $3,000,000,000 for all Federal Government operations. Only something akin to revolution ever will reduce the cost materially below that figure. Federal taxation will change but the volume of it is not likely ever to be less than for the year of 1926.

If the Administration's economies continue to pan out as expected, the cost of the Federal Government for the coming year will be substantially on a pre-war basis. When a billion a year is allowed for public debt and a half billion for the veterans, ordinary expenditures will be only about a billion and a half dollars. When further allowance is made for increase of activities on account of the country's growth and also for the lower value of the dollar, it follows that the Federal establishment as of old will be costing only about what it did in the year of 1916.

There is only one way by which this cost might be lowered further; this would be by slicing the Government itself. But, while everyone admits that there are too many Federal bureaus and too many laws whose enforcement is expensive, everyone has a pet bureau and a series of pet laws; and every bureau and every law is the pet of some powerful group.

But if their opponents are wise the dominant forces may be maneuvered into a difficult situation as to that aspect. Some already see the political possibilities for them in pressing beyond the Republican tradition the retrenchment and decentralization for which there has been developed, largely by President Coolidge and other leaders, a tremendous public opinion throughout the country.

If each tax reduction has been followed by a revival in business as claimed by President Coolidge, say they, why not slash all taxes, including the tariff? If there is too much Government, they also ask, why not get rid of all excesses? This, be it noted, is the traditional Democratic and not a Republican doctrine; it once was the radical doctrine.

One can see how President Coolidge might be driven to the point where, if he sustained the traditions of his party (notably those having to do with protection and a strong Federal Government), he would have to do a turnabout on his own favorite tenets. Hence the possibility of Mellon being out-Melloned as to tax reform and of Coolidge being out-Coolidged as to retrenchment.

Already, however, there is developing within realms wherein Coolidge is strongest, a sentiment that Federal Government economies may be carried too far. Many persons in dominant circles in Washington are not entirely sure that further radical reductions should be made in the taxes. They are for changes, as in the high surtaxes, but are not so avid for greatly reducing the revenues. They are not sure even that such will prove altogether good for the country.

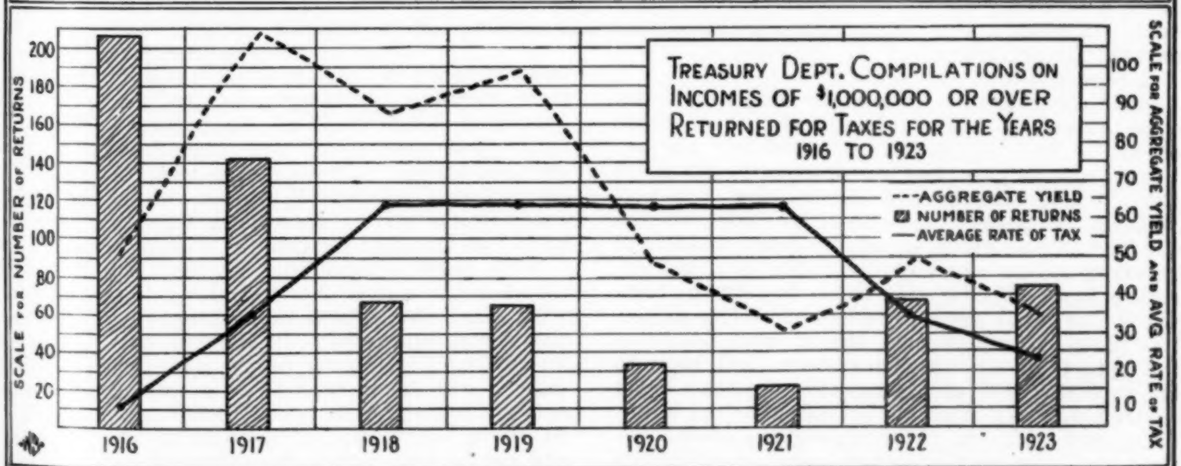
"It depends," said one, "on how the funds would be spent. We can take care of any excess by applying it to the national debt. This would cut the interest toll, and the funds thus used in taking up bonds or Treasury certificates naturally would go back largely into private enterprise. There is much other spending that the Government could do helpfully to general business, especially in case a wave of depression should strike the country. For example, the Government hasn't done much building since the war. Much of its work is carried on in rented quarters that could be supplanted, at a saving in the long run, by Government-owned structures.

"I cannot imagine how spending of that kind, if done with ordinary acumen, would be hurtful to business. If the U. S. Steel Corporation were to announce that it was going to put $100,000,000 into new constructions, the effect certainly would be good.

"Moreover, persistent retrenchment on the part of the Government may become epidemic; that is, industry may catch the fever, which might be bad. Where governmental retrenchment now is most needed is in the States, counties and cities, which, as a rule, have gone ahead increasing expenditures and raising taxes while the Federal Government has been cutting to the bone. But if the Federal Government continues to retrench, these others sooner or later may follow its example."

Barring the wholly unexpected, the Coolidge program as to further economies and tax reduction will go over. The country is for it, or so believe those members of Congress who are expressing their thoughts on the subject. It may go over more as to economies and tax reduction than as to putting the taxes on a more scientific basis, but considerable progress will be made as to the last.

RISE, FALL AND COME-BACK OF TAXABLE MILLION DOLLAR INCOMES



These figures indicate that as the rate goes down the number of incomes of that size which are reported increases and that there is no diminishing of total revenues derived from them. The actual low rate for 1923, when the surtax on these incomes was apparently 50 per cent., is due to the large proportion of the income thus reported being in the form of capital gains on which the maximum tax was only 12½ per cent. Figures for 1924 are not yet available but it is believed that they will sustain the Treasury's contention that exorbitant surtaxes have the tendency to kill off rather than bring in revenues.

Today's Most Perplexing Investment Dilemma

Or, How to Secure an Adequate Return on Investments Though Security Prices Are High

By E. D. KING

INVESTORS today are faced with a practical investment problem which has been without parallel for a number of years. That problem may be stated as follows: With the great body of high-grade securities offering a return little in excess of the average savings bank rate, where shall the investor find an outlet for his investment surplus, an outlet, say, that will secure for him a safe 6% income on his investments?

With huge insurance companies, savings banks, philanthropic institutions, universities and others simultaneously seeking an outlet for their literally billions of funds, it is clear that individual investors are meeting with intense and formidable competition in the search for investments. The practical results of this situation are witnessed in the fact that with high-grade securities practically out of reach, investors are virtually compelled to seek securities of lower rating. This accounts for the fact that middle-grade and even the more speculative types of investment issues have sprung to the front recently and are now rapidly reaching a price level which is effective in considerably reducing the yield. In reality, the markets favor sellers more than buyers.

SECURING a 6% return on sound securities is not a simple matter these days, when the most that can be had on the highest-grade issues is around 5%. Still, there are certain available fields for investors who want more than 5% and safety at the same time. This article tells how it may be done.

Acute observers of investment conditions seem to be agreed in the conclusion that high-grade securities, those which yield 5% and less, are unattractive as to price and are unlikely to sell much higher. They are equally agreed that the best available investment opportunities exist in the still fairly large group of middle-grade bonds and preferred stocks which yield around 6%, not excluding from consideration those investment common stocks which are still to be had at fair prices. It is patent therefore that the investor, desirous of a return of 6% or thereabouts, will have to eliminate the field of high-grade securities from consideration and turn his attention to the available opportunities in (1) middle-grade bonds (2) sound preferred stocks, though possibly not of the highest rating since these are already selling on a low yield basis and (3) well-protected common stocks which offer an adequate yield or at least are in a position to increase their return to investors in the early future.

The accompanying table is a representation of the typical opportunities open to investors today. It will be noticed that the bonds and preferred stocks—selected from our Bond Buyer's Guide and Preferred Stock Guide respectively—average around 6% in yield and that the common stocks, with several exceptions, average about the same.

The days of large yields on good securities have passed, though presumably not forever since some day conditions will inevitably bring prices down again. The question for the investor to answer is whether he wishes to wait for the inevitable decline in security prices, leaving his money in the bank meanwhile, or take advantage of whatever current opportunities there are, making the most of a not too favorable general situation.

This article has been written solely from the viewpoint of the investor interested in securities listed on the New York Stock Exchange, but for investors not concerned with such limitations it is only fair to point out that there is a large group of miscellaneous, unlisted securities which would make suitable vehicles for investment under present conditions. Among such may be cited: Joint stock land bank stock issues; bank and insurance stocks, which, though their present yield is small, will gradually increase in dividend-paying value as their earnings increase; carefully selected South American bond issues of the highest grade and which yield around 6%; real estate first mortgages and guaranteed railroad stocks which can still be secured on a basis of 5½% or so; and a few high-grade stocks on the New York Curb and several quoted in the over-the-counter market.

With these suggestions, the field is practically closed unless one wishes to indulge in speculation with which this article has no concern. The foregoing suggestions have been made only from the investment angle, based on the requirements of investors who want reasonable surety of principal and an average yield of not much less than 6%. At the present rate of investment absorption it will not be long before the available opportunities are considerably diminished. At that stage, the careful investor will be compelled to give serious consideration to the desirability of withdrawing from the investment market temporarily and place his funds in the bank or in high-grade short-term issues of nearby maturity.

Attractive Investment Opportunities Which are Still Available

	Bonds	Interest Rate %	Interest* Times Earned	Recent Price	Yield %	Remarks
Rails	Cuba R. R. 1st 5s, 1952	5	2.45	88	5.90	1st mtg. limited to $20,000 per mile. Earnings greatly exceed charges.
	Mo. Pacific 1st and Ref. 6s, 1949	6	1.20	101	5.95	Gen. mtg. on rapidly expanding western system. Earnings show greatly increased trend.
Public Utility	Amer. Gas & Electric 6s, 2014	6	2.00	98	6.10	Only funded debt of one of the most impt. public utility holding organizations. Earnings greatly exceed charges.
	Amer. Power & Light deb. 6s, 2016	6	3.00	97	6.15	Only funded debt of one of the most impt. public utility holding organizations. Earnings greatly exceed charges.
	United Fuel Gas 6s, 1936	6	†7.00	102½	5.70	1st mtg. important gas producing & distributing system, serving Penn. & Central West. Earning around eight times interest.
Industrial	Bethlehem Steel 5s, 1936	5	‡2.30	93	5.80	Secured by some of the most impt. properties of company. Value greatly in excess of outstanding bonds, interes well earned.

*Average number of times earned last five years. †Average last 3 years. ‡Average last 2 years.

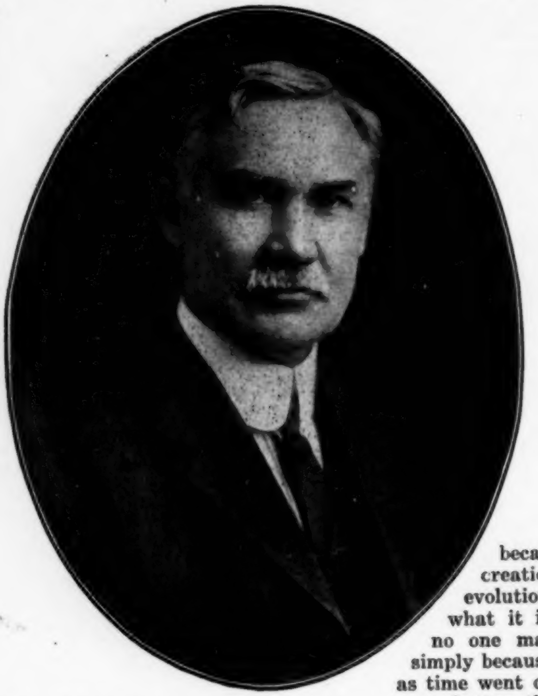
	Preferred Stocks	Div. Rate	*Dividends Times Earned	Recent Price	Yield (%)	Remarks
Rails	Chicago & North Western	7	....	109½	6.4	Only small issue, well protected by earnings even in adverse years.
	N. Y., Chic. & St. Louis	6	†3.7	92	6.5	In strong strategic position in view of proposed consolidation. Earnings around 4 times dividend.
Public Utility	Metropolitan Edison	7	‡2.3	105½	6.7	Div. well protected by earnings around 3 times requirements. Participating feature may prove valuable.
	North American	3	‡6.9	49½	6.1	High-grade investment issue. One of the strongest public utilities holding companies. Earning around 7 times div.
Industrial	Amer. Steel Foundries	7	6.7	110	6.4	Small issue—well protected by assets and earning power.
	Endicott Johnson	7	4.5	114	6.1	High-grade investment of sound organization. Earnings have averaged nearly 5 times dividend.

*Average number of times earned last five years. †Average for last 4 years. ‡Average for last 2 years.

	Common Stocks	Div. Rate	Earned Per Share 1924	Recent Price	Yield (%)	Remarks
Rails	Atchison, Top. & Santa Fe	7	15.47	118	5.9	One of strongest rwy. systems. In position to increase dividends at any time.
	Illinois Central	7	13.31	113	6.2	Has about completed extensive improvements which should be reflected in higher earnings.
	N. Y. Central	7	13.25	114	6.1	Including undivided earnings of subsidiaries, is earning div. 2⅛ times.
	Southern Railway	5	12.31	97	5.2	Last 10-year improvement program now reflected in increasing earnings. Loss of pfd. shareholders suit opens way for higher common div.
Public Utility	American Tel. & Tel	9	11.31	141	6.4	Premier utility stock of high investment quality.
	Consolidated Gas of N. Y	5	7.48	87	5.8	Favorable legal development opens way for increased earnings and dividends.
	Philadelphia Company	4	5.91	59	6.8	Entrance of important banking firm in affairs of company assures swift developments along super-power lines.
Industrial	International Harvester	5	*8.81	106	4.7	Most imp't factor in agricultural machinery industry. Benefits from improved farm conditions.
	Westinghouse Elec.	4	6.47	71	5.6	Benefits from radio and super-power developments. Strong financially and eventually should increase dividend.

*After deducting 2.3 millions for loss on Russian plant investments and 2 millions for bad debts. These deductions had nothing to do with the year's operations, and had these amounts been charged against surplus account instead of current earnings, the company's report would have shown approximately $13 earned on the common stock.

Is There A Corrupt Money Power?



George E. Roberts, Vice-President National City Bank, Says So-Called Money Power Does Not Exist Except in Popular Mental Conceptions

An Interview by J. M. HEAD

WALL STREET of popular conception, Wall Street, as a place where the wise stock manipulator fleeces the innocent lamb, albeit the lamb is ready to do a little fleecing on his own account; Wall Street as an institution that takes, but never gives; that exacts enormous tribute from farmer, merchant, business and professional man alike, does not exist, except in those mentalities that picture a huge "Money Power," greedy, grasping, altogether mercenary, wholly merciless, and certainly, useless.

This is the opinion of George E. Roberts, vice-president of the National City Bank, of New York, statistician extraordinary.

"Wall Street's relation to the public," Mr. Roberts told me, "is exactly the relation of any business man to his customer. Wall Street, if we take it in the narrow sense of referring simply to the Stock Exchange, is merely a market place for the buying and selling of securities."

"Is Wall Street essential to the welfare of the nation?" Mr. Roberts was asked.

"If there were no Wall Street," Mr. Roberts said, slowly, as though seeking to refrain from giving snap judgment, "it is conceivable that the country would go on doing business in some manner. Just how, I do not know, but it would be crude, and the quick financing and the speedy marketing of securities, which we now take as a matter of course, would necessarily be absent from the method adopted.

"I would put the answer to your question in this way: If Wall Street—the Stock Exchange—is not imperatively essential, it is, at least inevitable, because the Street is not a creation, an invention, but an evolution. It has grown to be what it is through the effort of no one man or set of men, but simply because the people have found, as time went on, that it served a purpose better than anything else they could conceive of.

"Abuses in Wall Street are incidental, and do not inhere in the institution itself. Nowhere is greater care exercised to see that men get all to which they are justly entitled, nowhere is such confidence placed in the integrity of a man's word, and nowhere are more devices constantly being erected and thrown around buyer and seller alike to protect each from possible evils.

Wall Street Is the Public

"Wall Street takes nothing from the public which it does not return, for, after all, the Street *is* the public—the big business public that daily gets its life blood—capital—from the Street.

"Contrary to what many may think, the Stock Exchange is not a place for gambling, though there are many who do gamble there. The big fortunes that may be made or lost there in a few days are as nothing compared with the daily volume of purchases and sales established in an orderly and business-like manner. I venture the assertion that losses in trading in securities on the Exchange are small when measured alongside the huge losses the people are taking all the time in wildcat, unlisted stocks, that never had much more behind them than the volubility of eager and not too scrupulous salesmen.

"The chief value of the Stock Exchange is found in establishing a market and a certain fixed value for securities. It is easy to imagine the chaos that would be evolved if holders of what we call standard stocks had to go to Tom, Dick or Harry to sell them, and price were a matter of dicker and barter. New capital would not be readily forthcoming for enterprises, for it is obvious that bankers could not loan on securities whose value could be determined only after a close personal investigation of the business and the earnings of any particular corporation.

"Stock Exchange securities have a value—the current market price—as a basis as collateral for loans. They would have no readily determinable value without the Stock Exchange. Locally, they might be known, perhaps, but then financing would be purely a local matter, and the money which now comes into Wall Street, and is then sent to every part of the country, as occasion demands, to aid in business enterprises, would be generally so much stagnant paper and metal, serving no useful purpose.

"In every such crisis as that which came about after the world war, the charge is vaguely made that Wall Street is the guilty party, and by this is meant the so-called 'Money Power' which has figured in the political agitation of every period of hard times. Now just what is the business of Wall Street, and who constitute the 'Money Power?'

"As I have pointed out Wall Street is the country's chief money market. A market is a place where buyers and sellers meet. Thus there is a great live stock market at Chicago to which come cattle, sheep and hogs from a great area of territory, and to which come buyers from all parts of the country. It is a convenience to have that market. Chicago also has a great grain market in which buyers and sellers from every place on earth trade.

"A similar economic service is rendered by a money market. It so happens that New York as the country's chief port and largest city, located in the oldest and wealthiest part of the nation, has long been the money center. In the past much European capital participated in financing the country's development, and New York bankers had,

naturally, a large part in securing the aid of foreign investors. By natural development, just the same as the processes in the live stock and grain markets, the chief market for stocks and bonds, which represent the industries of the country, has been established in New York. There are other money centers, like Chicago, Boston, Philadelphia and other large cities, but the New York Stock Exchange is the market where the world buys and sells.

"There is a natural pride in the fact that New York has become a great, international money market, but the bankers who negotiate great international loans, do not keep them. They buy bonds as the merchant buys goods for the purpose of selling them to the ultimate purchasers who live in all parts of the world. The real 'Money Power' is these ultimate buyers. Investors buy securities listed on the New York Stock Exchange because the facilities of the market enable them to be readily sold. These listed securities are subject to a degree of publicity which does not exist in the case of those privately marketed. Distribution is made with greater economy, and it is made comparatively easy for one to become a stockholder in the country's largest industries.

"I once pointed out that the vast distribution of stock among an army of security holders never could have been effected, if there had been no Stock Exchange. The 140,000 stockholders of the Pennsylvania Railroad Company, the 150,000 of the U. S. Steel Corporation, and the some 200,000 or more holders of stock of the American Telephone and Telegraph Company—how would it have been even remotely possible to bring them together as partial owners of such great enterprises, if it were not for the Stock Exchange?

"I have cited an instance of the inability of big corporations to function properly without the use of the facilities of the Exchange, and I will offer it again: During the boom after the war, about 1919, several large packing companies were promoted in the middle west by means of stock salesmen who personally solicited subscriptions. In each case, several million dollars was raised, but more than 25% of the gross proceeds went to the salesmen, thus hopelessly handicapping the companies, through loss of capital, right at the start. Most of the money invested in these companies was lost. At the time that these stocks were being sold, the shares of well-known Chicago packing companies, with years of experience, organized throughout the world, could have been bought on the Chicago Stock Exchange at less money a share than the stock of these two companies, which, however well conceived, possessed very little else but the plans for their proposed plants.

"There could be no greater impeachment of the people's intelligence than to say that Wall Street does, or even can, engage in any conspiracy organized against the productive industries of the country. Wall Street is an essential part of present-day business organization in this country. It is needed to provide proper equipment for the railroads and for every new development which increases industrial capacity and efficiency. Wall Street banks finance both the foreign and the internal trade of the country. When those who have inveighed the loudest against the alleged iniquities of Wall Street, wanted money to float their large enterprises, where did they go? To Wall Street.

"Wall Street moves the crops and distributes the products of industry. If Wall Street does not lend directly to the farmer, its banks aid in providing the means that are indispensable to the farmers.

"In the history of Wall Street there never has been a time when it failed to respond to a call for assistance, where such assistance could be made effective. Take 1921 when the cattle growers were in distress. Banks in New York's financial district exceeded all other banks in the country in subscriptions to the cattle loan fund. The same was true in the case of the disturbed financial condition, more recently, in the northwest. And I don't call this altruistic, but a proper sense of what national interests are, for Wall Street is intimately related to the business of the entire country and is dependent on general prosperity. This being the case, how can anyone who understands the functions of money in business, intelligently hold that there is a vast unscrupulous 'Money Power,' centered in Wall Street which seeks only to throttle industry and suck its life blood? The very law of self-preservation is against such a thing."

Mr. Roberts does not feel that Wall Street, or the Stock Exchange needs a special house-cleaning.

"The Stock Exchange is cleaning house all the time. Abuses must creep

(*Please turn to page* 571)

A magnificent and inspiring view of lower New York, showing practically the entire financial district, as seen from an aeroplane.

Laying the Ghost of Federal Rail Control

Witch Doctors and Medicine Men of Congress No Longer a Factor

By VINCENT GUY SANBORN

MAKING use of a degree of co-operation hitherto unknown, the leaders of the transportation industry have, in the past five years, put their house in order; made a complete recovery from the effects of federal control and laid at rest, apparently for good and all, the ghost of Government ownership which has dogged their footsteps.

Ask any executive if private operation has been a success. Nine times out of ten he will point with pride to sheets of figures and graphs to show that during the past two years the carriers of the country have never been more efficient; that peak loads have been handled without any suggestion of a car shortage and that the condition and amount of railroad equipment have been steadily built up since the uncertain days of 1922 when the coal and rail strikes intervened to slow up the transportation machine.

IT seems time to tell the marvelous story of what the American railroads have done in the past few years to restore themselves not only to financial health but to the respect and good-will of the public. Great changes are taking place—most of them for the better. We feel that investors in railroad securities ought to know about these changes. Hence, this article.

The shipper will tell you that the railroads are doing their bit in grand style, albeit, claiming as is his due, his fair share of credit for meeting the traffic men half way in an effort to compose the differences of opinion which existed.

Labor has shown by its recent activity that there are no vital questions to be settled at the present time. Plans for a "good fellowship" conference at which executives and employes might sit down and talk generalities without the pressure of a crisis to distort their vision had to be abandoned recently but significance is not lacking in the desire of the labor leaders to put their feet under the same table with the executives.

Five years ago the railroads were honorably discharged from Government service in a much scrambled condition. Their borrowing power was extremely low. Today, railroad credit varies widely depending on the individual carrier but stock offerings to employes have been tried with not indifferent success while important refunding operations have been carried through to a conclusion which appeared to be pleasing alike to the roads and the public which supported each operation. The speculative possibilities involved in the present consolidation movement have brought railroad shares into a popular favor not realized in many years. The public would seem to be behind the roads and the men who operate these roads.

There is now no broad movement in the direction of government ownership aside from those few men who make their livelihood by their ability to think up grotesque ideas. The agitation for federal operation which was backed by railroad labor leaders died with its sponsor; in fact, was more or less of a side issue before that time.

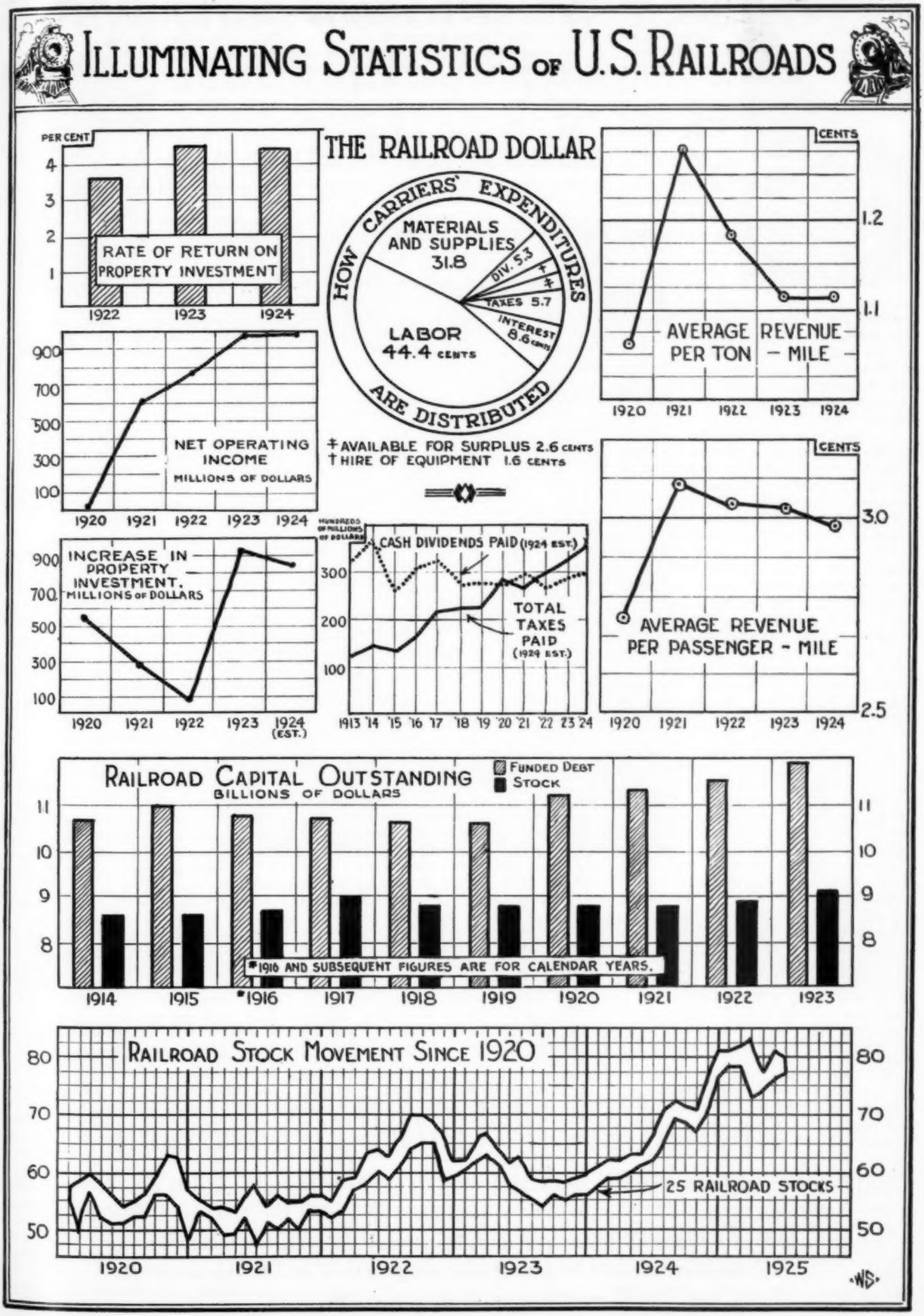
The measure of railroad progress is efficiency of operation. On this basis it is a simple matter to figure out whether the operating men are getting the maximum work out of their machine. As an illustration it is seen that in 1920 there were 2,054,160 employes on the payrolls of the roads. These men received a total compensation of $3,733,816,186. Last year the number of men was reduced to 1,777,391, with total compensation of $2,876,564,802 and with this smaller number of workers greater feats of railroading were accomplished. The average load per freight car has been improved as has the average movement per freight car per day. In other words, the roads are pulling cars more heavily laden and for greater distances—another sign of increased efficiency.

In 1920 the railroads handled 45,118,472 cars filled with revenue freight. The depression the following year resulted in a decline to 39,323,158 cars. In 1922, an abnormal year because of the coal strike, loadings totaled 43,207,561 cars. The following year loadings reached the staggering total of 49,812,113 cars and last year the level was 48,527,227 cars. In 1923, the year of record loadings, the technical car shortage in no month exceeded the modest level of 79,270 cars as compared with a shortage of 174,498 cars in November, 1922. Last year, an actual car surplus of 359,191 cars was reported in July. Recent reports show a surplus of 327,216 freight cars in good running order and available for immediate service.

Another instance of forward-looking on the part of the executives can be given here. In 1920, there were 1,017 new locomotives installed in service on the railroads. In 1923, this number had been increased to 4,160 and last year, 2,246 new power units found their way to the rails and active service. In 1920, there were 36,044 freight cars added. In 1922, the number was 223,724, and last year, 156,414 cars were placed in service. In the first four months of this year, 57,926 new freight cars have been added as well as 601 locomotives while there were 43,301 freight cars and 340 locomotives on order as of May 1, 1925.

These gains have been the direct result of aggressive railroading and the adoption of a policy of the "public be served." When the railroads started in on their program of intensive rehabilitation they were not so much gambling on the future as they were, as they so aptly put it, showing their determination to meet their public half way. They authorized the expenditure of vast sums of money, confident that the public would react favorably to the new policy. The results have more than vindicated their judgment.

Quite aside from the question of operation, the railroad executives have had to tackle the problem of labor inefficiency as one of their greatest obstacles. The termination of federal control saw the existence of the national agreements, a heritage of government operation and a vital defect in any situation which had to be handled by the railroads as individuals. The executives set out to change this order of things and succeeded admirably. Today sees the theory of employe representation and the "company union" actually in practice and proving its worth while less is heard about the might of the big brotherhoods. Having given their men the power to think for themselves the railroad chiefs are now reaping the benefit of their farsightedness in increased efficiency while the installation of piece work means once more a de-


ILLUMINATING STATISTICS OF U.S. RAILROADS
PER CENT
4
3
2
1
RATE OF RETURN ON PROPERTY INVESTMENT
1922
1923
1924
THE RAILROAD DOLLAR
HOW CARRIERS' EXPENDITURES ARE DISTRIBUTED
MATERIALS AND SUPPLIES 31.8
DIV. 5.3
TAXES 5.7
INTEREST 8.6 CENTS
LABOR 44.4 CENTS
‡ AVAILABLE FOR SURPLUS 2.6 CENTS
† HIRE OF EQUIPMENT 1.6 CENTS
CENTS
1.2
1.1
AVERAGE REVENUE PER TON - MILE
1920
1921
1922
1923
1924
900
700
500
300
100
NET OPERATING INCOME
MILLIONS OF DOLLARS
1920
1921
1922
1923
1924
CENTS
3.0
2.5
AVERAGE REVENUE PER PASSENGER - MILE
1920
1921
1922
1923
1924
900
700
500
300
100
INCREASE IN PROPERTY INVESTMENT.
MILLIONS OF DOLLARS
1920
1921
1922
1923
1924 (EST.)
HUNDREDS OF MILLIONS OF DOLLARS
300
200
100
CASH DIVIDENDS PAID (1924 EST.)
TOTAL TAXES PAID (1924 EST.)
1913 '14 '15 '16 '17 '18 '19 '20 '21 '22 '23 '24
RAILROAD CAPITAL OUTSTANDING
BILLIONS OF DOLLARS
FUNDED DEBT
STOCK
11
10
9
8
* 1916 AND SUBSEQUENT FIGURES ARE FOR CALENDAR YEARS.
1914
1915
*1916
1917
1918
1919
1920
1921
1922
1923
RAILROAD STOCK MOVEMENT SINCE 1920
80
70
60
50
25 RAILROAD STOCKS
1920
1921
1922
1923
1924
1925
WS

cent output by skilled mechanics.

Labor has made its big stand against the United states Railroad Labor Board, that tri-partisan tribunal at Chicago which represents the railroads, the employees and the general public. By means of the Howell-Barkley bill, the lobbyists made things very interesting for the transportation chiefs at the last session of Congress. The outlook is for the reappearance of this bill but whether in its present form or with certain changes is not as yet known.

Railroad men vow that the measure as drawn up will never get through. The Labor Board has few friends either among the rank and file of the workers or among the executives but the heads of the country's railroads are confident that the enlightened public which has made such a hearty response to the carriers in their fight for consideration will never acquiesce in a measure which provides that railroad labor troubles be thrashed out without proper representation by the public at the parleys. The railroad labor leaders are showing a willingness to see eye to eye with the executives in many matters. Most of the threats which have been made since the shopmen's strike have been what is known as "window dressing" and as such viewed as relatively harmless.

Today there are few minstrel shows or other purely local social affairs given by the workers on individual roads which are not attended by high officials of the company, and from all accounts, the appearance of the "big boss" at these festivities has had a stimulating rather than a depressing effect. Presidents of roads do not attend such functions in a spirit of patronage and they show no diffidence in admitting that they had a good time and that the "talent" left nothing to be desired. Discipline is better than it has been in a long while and this because no "high hat" tactics are used. If men have a grievance they know pretty well where they can air their troubles. The spirit of these round table talks is now one of mutual confidence rather than suspicion.

An inspection trip today is just as snappy an affair as it ever was. The chiefs still eat up their work and many a sharp word is spoken where needed. There is, however, a certain feeling of good will throughout and pauses for pleasantries with subordinates are never regretted as a waste of time. All such evidence would more or less indicate the satisfactory results realized by the men who operate our mighty railroad systems as private concerns.

No discussion would be complete without the reaction of the shipper. Here, perhaps, is the most startling angle of all on the general railroad situation. In former days, any meeting at which shippers and railroad traffic men formed the majority was certain to be at least mildly exciting with more than an even chance for an interchange of compliments. Today there are about a dozen regional advisory boards in existence. Here again, the round table conference idea shows perhaps its most important results. Shippers and traffic men can sit down and smoke and talk and "do" things which before would have indicated nothing short of the millenium. By means of this interchange of ideas and views a degree of teamwork has been secured which has made possible the regulation of the flow of traffic so as to render obsolete the good old traffic congestion which was a certain visitor each fall.

The Shipper's Part

The shipper is deserving of his share of credit in making such co-operative work possible. He has more than done his bit to get the viewpoint of the railroad and in return the railroad has been more than willing to listen to suggestions. The shipper has no interest in federal operation of the railroads. Agitation for the Government to take over the carriers is viewed by him as the "mouthing of politicians." He wants action when he has goods to put on the rails. He is getting just that and so he is satisfied.

Your railroad executive of today is a two-fisted, he-man. He may have a bit more polish about him than did the battler of yesterday but then, conditions have changed greatly in the industry since the days of its infancy. The railroad game is not for weaklings and the man who climbs to the top knows how to take a knock and say nothing. On the shoulders of men such as this fell the gigantic task of bringing orderly performance out of a machine which by some was viewed as good for little more than the scrap heap five years ago.

Public appreciation of the transportation game was at a low ebb indeed and with the need for additional funds staring them in the face, the executives promptly decided to lay aside petty jealousies and buckle down to their real job of railroading. That they have wrought well during the five-year period is obvious from a consideration of the changed attitude of the shipping and riding public. The best thing that the executives did was to take their problems to their public—the countless shippers who use these arteries of commerce and the people who throng to the space-eating passenger trains. They shifted from "publicity" to "public relations" work and the big aim of the men who run the roads at the present time is to make the latter phrase mean something.

In sorting over the wreckage after federal control, certain features were retained. For instance, the consolidated ticket office is a familiar sight here in the East and in fact in most cities served by a number of roads some means has been devised to facilitate the purchase of transportation. That the rent of such joint ticket offices works down to a comparatively insignificant amount for the participating lines is, of course, a consideration, but not necessarily the most important element.

The credit of some of the railroads at the present time is good. Refunding operations which would have been all but impossible of accomplishment a few years ago, have been put over in fine style. Stock offerings to employes have brought a good response but the real yardstick of credit—the ability of a road to float common stock issues—

(Please turn to page 582)

Special Public Utility Department

Unusual care has been taken in the assembling of our special public utility department which starts on page 523. We believe it will be well worth the time of investors to study the material presented and, of course, the security recommendations alone should be found of great practical and timely interest.

Turn now to page 523.

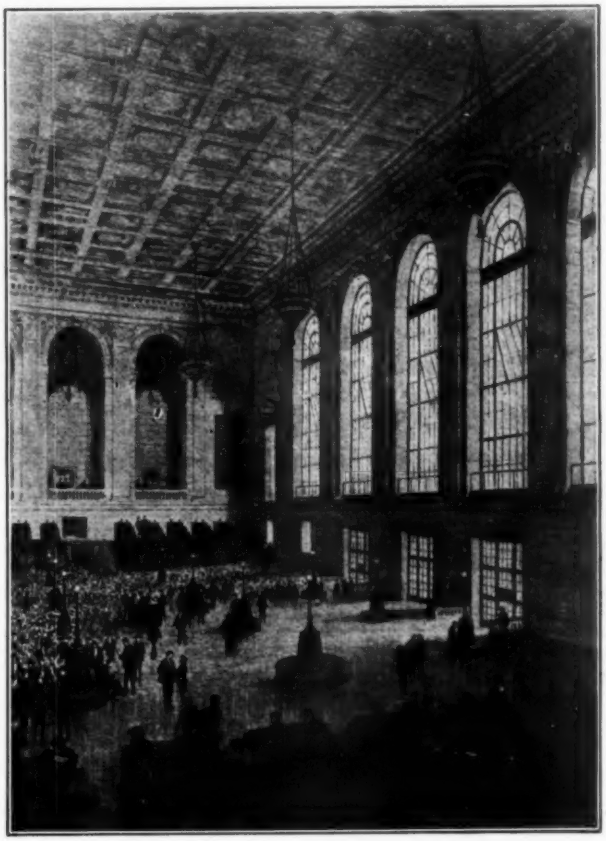
Reform Needed in N. Y. Curb Odd-Lot System

Many Complaints Against the Half Point "Differential" —Pros and Cons of the Situation—Time Believed to Be Ripe for Odd-Lot Houses and Clearing "Sheets"

WITH the Curb Market Association doing a business of upwards of 2,000,000 shares weekly in stocks and nearly \$5,000,000 in bonds, the feeling is becoming prevalent in the financial district that the odd-lot situation on the Curb needs overhauling.

There are no big firms, or small ones for that matter, dealing exclusively in odd-lots on the Curb as there are on the New York Stock Exchange. Consequently there is no "sheet" or clearing house for odd-lots. This situation works to the disadvantage of the buyer or seller of Curb odd-lots.

On the "Big Board" there are several firms known as odd-lot houses which do nothing but buy and sell odd-lots from gong to gong. These firms are known as odd-lot dealers and do no commission business. They carry no customers' accounts since they are dealers in securities for their own account. The Stock Exchange does not fix the "differentials," *i.e.*, the prices below or above the "round lot" or 100 shares market, at which the odd-lot houses buy or sell. But the odd-lot houses get together and decide whether this or that issue shall be an "eighth" or a "quarter" stock. The price of the security as well as its activity, determines whether it shall be an eighth or a quarter stock.



On the floor of the N. Y. Curb Market

Complaints Not Infrequent

On the Curb, the odd-lot business is done by specialists in various stocks. They are at liberty to fix the differential arbitrarily and it ranges from a quarter to a full point. There is no eighth differential. The full point differential stocks are few and consist of issues with wide markets and little activity. There are a great many quarter stocks and a considerable number of half point stocks.

It will at once be apparent that this freedom of action on the part of the Curb odd-lot dealer invites its own abuse. When it becomes a question as to whether a certain issue should be a quarter or a half stock, the conclusion will almost inevitably be in favor of the half point. Abnegation is as rare on the New York Curb as it is in other sections of this universe. And if the question at issue is whether a stock should be a half point or full point stock it is not difficult, again, to know how the decision will run. So that the odd-lot buyer, if he is unfortunate enough to put in a "market" order to buy a declining stock and finds a half a point odd-lot charge tacked on to the fractional decline the stock has made between the time of giving the order and its execution, starts out with, perhaps, a full point against him before, in a manner of speaking, he has even started, he is apt to feel that he is badly used.

The Odd-Lot Dealers' Side

Why are not Curb odd-lots traded in on an eighth basis as on the Big Board and why are there not odd-lot houses on the Curb as on the other Exchange?

Odd-lot dealers on the Curb contend that to date there has not been enough odd-lot business on the Curb to warrant a "sheet" and to sustain an odd-lot house. The Curb odd-lot business aggregates nothing like that of the Stock Exchange and their contention, in times past at least, has been warranted. In fact there have been one or two attempts to establish odd-lot houses on the Curb which came to naught. The same answer applies to the second question. Odd-lot dealers say they cannot make a living out of eighths.

In view of the large number of issues now traded in on the Curb and the great activity in that secondary market, the point may well be raised whether the Curb is not now in a position to support an odd-lot house and a "sheet." There are many competent and disinterested observers who believe that the moment is propitious for such a development. If that time has not yet arrived it is close at hand. It is of interest to note that the Curb Committee on Arrangements is delving into the odd-lot situation with the purpose of determining whether the time is at hand and if not what may be done to diminish the complaints in regard to odd-lot executions.

When the odd-lot situation on the Curb is systematized there will, doubtless, be many of the more active issues traded in on an eighth basis. Notwithstanding the plaint of the odd-lot dealer that the eighth does not pay the fact remains that no business can be developed if clients are dissatisfied.

Improved odd-lot methods would mean more satisfied customers and hence, a greater odd-lot business. Which, in turn, would mean increased profits to the odd-lot dealer.

The modern business principle of a large turn-over with a small profit per unit is as applicable to the Curb Market odd-lot situation as it is to the general run of business.

Fire Insurance Stocks as Investments

Why Investors Should Learn More About Them, and a Few of the Things It Would Be Well to Know

By JOHN STEPHAN

> *Few investment fields remain today with which the American investor is not thoroughly familiar—*
>
> *Among the few is the field of Fire Insurance stocks—*
>
> *The accompanying article brings out some of the salient features of this investment group—*
>
> *It also presents some worth-while data on the records and histories of leading companies in the field.*
>
> *Investors should find it of practical interest and to the point.*

THE remarkable development of American industry and finance in recent years has to a very large extent taken ownership of industry out of the hands of the few and put it into the hands of the many. Individuals, business organizations, estates and institutions have become shareholders in our large industrial enterprises on a scale literally undreamed of, say, 50 years ago.

The development has had many consequences. One of the most important has been the education of the American investor. He has come to realize the possiblities of sound investing—and he has become more and more sagacious in his practice of sound investing.

This article is intended to define one of the few investment fields which many investors have yet to fully understand and appreciate,—Fire Insurance Stocks. The field is somewhat technical; but so far as possible, the writer has endeavored to treat it in plain and understandable terms.

The use and purpose of insurance is known well enough. The investor, particularly, is doubtless sold on the idea of fire insurance protection for his home or his business property. But so little has been said upon the security investment angle of the insurance industry that these stocks have not attracted the attention they seem to deserve.

What follows, then, is an effort to present to investors a reasonably adequate picture of Fire Insurance stocks as investments. Not a close, detailed, analytical study, to be sure; merely a statement of the essential and salient features of the subject.

Fire Insurance Stocks have their primary appeal to investors, perhaps in the essential nature of the business they represent.

No home, no factory, no public building or institution; few operating units, fewer storehouses, silos or grain-bins; no ships that sail the sea or buses that travel the land are economically sound, as economic entities, if they do not carry fire insurance protection. In addition, most of the leading Fire Insurance Companies write water damage, hail and explosion insurance, sprinkler leakage, earthquake, inland and ocean marine insurance. Thus, it may be said—and held to be literally true—that the typical Fire Insurance Company is one of the most essential entities in modern civilization, and the services it performs among the least dispensable.

Fire Insurance Companies—performing, as outlined above, so essential a service to American property-holders, whether corporate, public or private—have naturally shared very closely in America's property-growth. With the number of property units increased enormously, and the value per unit likewise increased, insurance writings having gained in like proportion. Herein we find the second great appeal of Fire Insurance Stocks—viz., the fact that they have shared so closely in the country's past growth and, by the same token, must share so closely in its future growth.

Fire Insurance Stocks also present an unusually strong appeal in the high calibre of the management-personnel of the leading companies. Not even in the great banks of New York City do we find more imposing combinations of managerial acumen than are actually present in Fire Insurance directorates. As proof of this somewhat sweeping assertion, the reader may be referred to the directorate of the great Home Insurance Company—the largest of them all—which includes the following names:—

William D. Baldwin
Cornelius N. Bliss
John Claflin
Lewis L. Clarke
Elbert H. Gary
Clarence H. Kelsey
Elbridge G. Snow
Wilfred Kurth
Charles L. Tyner

Or (lest I be accused of playing favorites) the directorate of the Aetna Insurance Company—one of the largest in the land—which includes, among others:—

J. P. Morgan
Ralph B. Ives
William B. Clark
George H. Sage
John L. Way
Charles G. Woodward

Nor is the excellence of their managerial or directive personnel all that is to be said about fire insurance company management. (To be sure, it might seem enough to say in the case of such companies as the Insurance Company of North America, where men like Benjamin Rush stand at the helm.) In addition, investors have the further safeguard of Public Supervision to protect their interests. Just as in the case of the country's banks, this is an important bulwark to the soundness and stability of operating units within the field.

Other Important Factors

Many other factors may be cited which help render Fire Insurance Stocks unusually sound and attractive mediums of investments. Thus, there is the fact that they, like bank stocks, have a first and sole claim upon net earnings and surplus; there is the diversification of their risks (diversified geographically, in respect to location, as well as in kind) and the measures taken to protect themselves against the conflagration hazard; there is the extensive data concerning themselves published in the company's annual reports; and last but not least, mention should be made of their Investment Trust characteristics.

The latter point deserves a special paragraph all by itself, and could be developed over several pages. (In fact, whole manuals are published, at periodic intervals, devoted to no other subject than this.) Reduced to its bare fundamentals, it has this signifi-

cance: Carrying, as every Fire Insurance Company does, a large and diversified holding of securities, both bonds and stocks, which are revised from time to time as conditions impel, the organizations partake of the best characteristic of the large and well-managed Investment Trust. In fact—if age is to be considered—they come very near to being the only American substitute for the Investment Trust of Great Britain.

Thus, to the essential nature of their industrial field, and the diversification pursued in that field, must be added the diversification of their investment holdings and the volume of those holdings.

The average investor—if one writer's observation is to be relied upon—knows very little about Fire Insurance stocks. Like Bank Stocks, New England Mill Stocks, Joint Stock Land Bank Issues, and other distinctive and somewhat technical investment fields, the Fire Insurance field has failed to capture the average investor's interest—and hold it long enough to enable him to learn the whys and wherefores concerning it.

This is particularly true in the matter of gauging a given Fire Insurance Company's position, or attempting to determine the comparative investment merits of its shares. Given the statement of one such company to study it is probable that the average investor would be hopelessly at sea—uncertain where to begin, and totally at loss where to end.

The investor does not have to carry the full burden of responsibility for this failure, on his part, to learn more about Fire Insurance analysis. He can put some of the blame on students of Fire Insurance Stocks who have, apparently, gone out of their way to make the subject just as difficult to understand as possible.

Wherever the blame may lie, however, this fact is obvious: If the investor is to share in the full advantages of Fire Insurance Stocks, as outlined above, he must formulate his views on fire insurance analysis, and learn how to discriminate.

You see, in the Fire Insurance field, just as in the bank field, the Mill Stock field, or any other field, there are comparatively good ones, and comparatively poor ones. Well-informed and balanced judgment is as essential to the success of investments made in this group as to the success of investments made anywhere else.

It will be manifest to any student of the field that, within the confines of a single article of the present length, a comprehensive explanation of Fire Insurance analysis would be impossible. On the other hand, suggestions opening up lines of thought may be offered; and such suggestions are offered in what follows:

Undoubtedly, the major factor in the success of a Fire Insurance Company will be its management. In no other field are the effects of managerial ability more pronounced. This being so, it behooves the investor in this group to familarize himself with the factors in a given company's statements which reflect good management—or the reverse—and thus equip himself to recognize managerial acumen, where it exists.

Toward this end, several indices may be suggested. One excellent index, no doubt, is the comparative Underwriting Results of a given company, over a given period of time. If its profits have been above the average, its risks may be said to have been particularly well-selected; if the opposite be true, then scrutiny must be carried further to locate the cause.

Compare, too, the progress of the company over a period of years, in respect to Capital, Surplus and Assets. Has it forged steadily ahead? Or has its course been ragged and erratic? Or has it gone ahead by leaps and bounds?

Note how volume of business written by the company compares with its combined capital and surplus. The ratio is accepted as a good index of the degree of risk assumed. Do not, however, conclude that a comparatively high ratio is final evidence of anything approaching over-extension. A company which is well-protected against the conflagration hazard (the destruction of whole areas of insured property by reason of over-extension in congested sections) may justifiably write a far larger volume than some other company.

Numerous other ratios are used to "key" a given company's results. One of the most complete, perhaps, is the ratio of Underwriting Expenses plus Losses Incurred to Earned Premiums. In this ratio, perhaps the truest indication of a given company's loss experience is to be found.

Getting past the underwriting results of a given company, we come to its investment results. And reaching this point we realize more fully than before, perhaps, that a Fire Insurance Company's progress is along two distinct lines—one, the "industrial," or plain insurance line; the other, the financial or investment line.

The investment branch of a given company's affairs is not difficult to understand. It may be analyzed from several points of view:

First, there is the company's "Investment Income" to consider — that is, the moneys received by it, over a given period of time, in the form of dividends, interests, rents, etc. It is these moneys, as a general rule, which should supply the funds from which a company's dividend income is paid. Therefore, a comparison between amount of dividends paid by a company and sums received by it in the form of investment income serve as an index of its conservatism, or otherwise, in respect to dividend-payments.

Another feature of a company's Investment Account will be its Net Profits on Investments, as recorded, over a given period. It may be specified, as plainly as possible, that this figure does not confine itself to profits actually taken from securities purchased at lower levels and sold at a profit; it also includes "book" or "paper profits," representing the increment in the value of a company's security-holdings which has yet to be converted into cash.

Two Decades of Growth in the Fire Insurance Field

As measured by four of the oldest insurance companies.

	Year	Aetna	Fire Association of Philadelphia	Hartford	Insurance Company of North America
Capital	1904	$4,000,000	$500,000	$1,250,000	$3,000,000
	1914	5,000,000	750,000	2,000,000	4,000,000
	1924	5,000,000	3,000,000	8,000,000 B	7,500,000
Surplus	1904	6,446,851	1,030,199	4,026,248	2,729,166
	1914	6,532,440	2,252,770	7,043,103	4,000,000
	1924	11,429,128	7,171,218	15,483,771	19,042,046
Total Admitted Assets	1904	15,814,055	6,550,172	15,632,483	12,007,162
	1914	23,395,852	9,106,747	26,954,099	18,310,715
	1924	45,008,961	20,504,644	78,027,872	56,167,924
Premium Reserve	1904	4,422,210	2,929,996	9,010,890	4,602,149
	1914	9,792,036	4,034,123	15,251,453	7,134,427
	1924	23,890,633	8,746,840	45,415,804	21,641,734
Volume of Business Written (A)	1904	5,787,700	3,848,013	11,876,984	7,176,246
	1914	10,810,965	4,307,132	16,200,400	9,698,224
	1924	24,946,577	7,509,048	56,384,486	28,441,553

A—As measured by net premiums. B—Being increased to $10,000,000.

Recent Year Dividend Record of a World-Famous Fire Insurance Co.

Globe & Rutgers Fire Insurance Co.

1905 and 1906	16%
1907	30%
1908	45%
1909-15, inc.	40%
1916—Stock Dividend, $100,000	
14% Cash on $700,000 Capital	
20% Cash on $400,000 Capital	
1917	36%
1918	48%
1919, 1920 and 1921	60%
1922	Cash, 74%
	Stock, 400%
1923	20%
1924	24%
1925 (Current Rate)	28%

Manifestly, in periods of rising security-prices, the average company's profits, from these two sources, will increase, whereas in opposing periods, they will decline. Whether the result be an increase or a decline, however, it is an essential factor from the shareholder's point of view, and may not be overlooked.

Book Value

It is a matter of perhaps more than passing interest that Fire Insurance companies' underwriting results and investment results, so far as profits are concerned, tend to move in opposite directions. Thus, scarcely an insurance company but showed a sizeable investment profit last year, whereas most of them showed a considerable underwriting loss. The answer may be found somewhere in the fact that the stock market is always several jumps ahead of business conditions—coupled with the fact that fire losses are generally larger in poorer business years.

Given a picture of a company's Loss Experience and Investment Results, as outlined above, and we come to consideration of the Book, or Liquidating Value of its shares.

This figure is not determinable, as in Bank Stocks, merely by dividing combined Capital and Surplus by number of shares outstanding. In addition, account must be taken of the company's so-called "Unearned Premium Reserve" —which is a reserve established as a protection to policy-holders and sufficient in amount to cover the re-insurance of all policies in force. As policies mature, a proportion of this Reserve reverts to surplus or, in event of reinsurance, a varying proportion, depending upon the policies conveyed, would revert to the company. In practice, it has been found that the Reserve liquidates at about 40% in favor of the issuing company. Hence, an average of 40% of the re-insurance Reserve is generally accepted as an actual element in the composition of book value.

Growth of Older Companies

The investor may be interested to know how some of the leading companies shape up, under an analysis along the lines suggested above. It will be to his best advantage to answer the question himself—go more deeply below the surface than could be done here—familiarizing himself with fire insurance analysis as he proceeds.

Assuming that he does undertake this task—no mean one, I can assure you—he will find out many interesting things about the companies under review.

Thus, he will probably be duly impressed with the remarkable growth of organizations like the Insurance Company of North America, under the management mentioned above. According to the records, this company has built up its Surplus from 2.7-millions in 1904 to 19.1-millions in 1924; Its Assets from 12.0-millions to more than 56-millions. It was one of the few companies to report an underwriting profit last year; its gain from underwriting being set at $1,441,908.

Or the investor may be impressed with the investment results scored by the Globe & Rutgers Co.—long since a classic example of the growth possibilities in the insurance field. Against a dividend rate of $28 per share, this company's Investment Income last year is set at more than $64 per share; while total net earnings exceeded $178 per share.

The investor will probably note the comparatively poor results obtained by smaller and younger companies which have not had the advantage of association with old established groups. In this respect, he may be guided by what he learns. With the field developed as it is today, the young company which starts out on its own has a pretty hard row to hoe. On the other hand, the investor will not find age alone to be a controlling factor. The management is the thing.

Dividends and Investments

The investor will probably be impressed with the dividend records of some of the leading companies. Thus, recent-year dividends of the Aetna Insurance Co. have been: 1907, 19.4%; 1908, 19%; 1909, 18.8%; 1910, 16%; 1911, 10.6%; 1912, 18.0%; 1913-1915, inc., 18%; 1916-1918, inc., 20%; 1919, 25%; 1920, 24%; 1921, 1922, 1923 and 1924, 24%.

If the investor carries his inquiry far enough, he will find much of interest in the investment holdings of the Fire Insurance companies. Earlier in this review, the widely diversified investment holdings of Fire Companies was referred to; at this point, it may be of interest to take a specific case—that of one of the larger companies—and note the following: As of January 1, last, this company's investment portfolio included 14 Government bonds, 28 state and province bonds, 71 municipals, 112 railroad bonds and 40 industrial and miscellaneous bonds. Stocks held included 16 different railroad issues, 5 bank stocks and 32 industrial and other stocks. Total market value of the security holdings exceeded $84,000,000 which, as shown above, was spread over some 318 different issues. Certainly, this is large-scale diversification of a high order.

And so on, and so on: The further the investor delves into the Fire Insurance field, the more interesting things he will learn about it.

And I think he will agree with me, before he is through, that the field is undoubtedly one of the most fertile of all investment fields—and one deserving the most serious consideration.

Statistical Analysis of Ætna Insurance Co. (As of Dec. 31, 1924)

Capital	$5,000,000
Surplus	11,429,128
Total Admitted Assets	45,008,961
Unearned Prem. Reserve	23,890,633
Volume Business Written	24,946,577
Combined Capital and Surplus	16,429,128
Profit on Investments*	1,915,309
Earned Premiums	23,382,160
Losses Incurred	13,982,137
Ratio	59.8%
Underwriting Expense Plus Losses Incurred	25,005,015
Ratio to Earned Prem's.	106.7%
Income from Securities and Real Estate Owned (Per Share)	33.14
Underwriting Loss	1,568,684
Net Earnings per Share†	40.07
Dividend Rate	24.00
Par Value	100.00
Liquidating Value	520.00
Recent Market	590 @ 600

* After Expenses.

† Based on (1) Underwriting Loss, (2) Investment Profit, and (3) Investment Income.

BONDS

UNITED State Government Treasury and Liberty Loan bonds continued to establish high records during the past two weeks in spite of the strength in call money rates towards the last of June, which simply was a temporary phase in the money situation due to the interest requirements at the mid year. On the whole, bond prices displayed a firmer tone than for some time. The large supply of funds for investment, which has been evident all the year, was increased by the interest payments on the first of the month, and this had due effect on quotations. Bankers and underwriting houses are naturally endeavoring to take advantage of the situation and numerous offerings of new securities are being made and can be expected to continue in order to supply the investment demand. It is quite important that these new offerings be carefully scrutinized for it must be borne in mind that such offerings are generally bought by the public for investment and prices in a low money market are comparatively high. In the event of any rise in money rates, it is not unlikely these new securities will be the first to feel the situation so far as quotations are concerned, so buyers should be careful to see that the bonds purchased are well secured by both assets and earning power for a period of time. Earnings for two or three years do not generally mean stabilization under all conditions which may be witnessed in future.

The period of assimilation of the junior loans of the railways appears to have ended and these issues were more in demand at better prices, notably those of the Seaboard Air Line, St. Louis-San Francisco, Missouri, Kansas & Texas, Chicago, Rock Island & Pacific, etc. The St. Louis-San Francisco adjustment and income 6s, as well as the Missouri, Kansas & Texas adjustment 5s, reached new high levels. High-grade railway issues ruled at around the best levels, although no notable advances were recorded in this section of the list, major activities and price changes being centered among the more speculative bonds.

Utilities were generally quiet, but firm. Among the local tractions, the Brooklyn-Manhattan Transit 6s made the best showing, reaching 91¾. Interborough Rapid Transit issues were also higher.

In the industrial division, there were a number of strong spots. Virginia-Carolina Chemical Company first mortgage 7s and debenture 7½s scored sharp gains. U. S. Rubber bonds were also in demand, the refunding 5s reaching a new high above 91½. Sugars, oils and coppers were very firm.

In no section of the bond list was weakness displayed and quotations indicated that holders generally were satisfied to retain their investments at present prices. However, we see no reason to change our views that prices of bonds are at high levels and caution is essential in making commitments at the present time.

BOND BUYERS' GUIDE

(Bonds listed in order of preference)

HIGH GRADE

(For Income Only)

Non-Callable Bonds:

Bond	Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
Great Northern Genl. 7s, 1936....(c)....	110	5.75	2.85
Atlantic & Danville 1st 4s, 1948....(a)....	78	5.70	....
Western Union Telegraph Co. 6½s, 1936....(a)....	112	5.05	e 1.75
New York Edison Co. 6½s, 1941....(b)....	115	5.10	3.30
Chicago & Northwestern 7s, 1930....(b)....	107	5.30	1.80
Delaware & Hudson 7s, 1930....(b)....	108¾	5.05	2.10
New York Dock Co. 4s, 1951....(a)....	80½	5.40	2.70

Callable Bonds:

Bond	Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
Armour & Co. Real Estate 4½s, 1939....(a)....	90⅝	5.50	....
Laclede Gas Light Coll. & Rfd. 5½s, 1953....(c)....	101	5.35	1.41
Canadian General Electric deb. 6s, 1942....(a)....	107⅜	5.35	g 2.80

MIDDLE GRADE

(For Income and Profit)

Railroads:

Bond	Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
Cuba R. R. 1st 5s, 1952....(a)....	88½	5.90	2.45
St. L. & S. F. Prior Lien 4s, 1950....(c)....	77	5.75	1.25
Western Pacific 1st 5s, 1946....(c)....	95¼	5.40	2.40
New York, Ontario & Western Rfd. 4s, 1992....(a)....	69¼	5.80	2.00
Missouri Pacific 1st & Rfd. 6s, 1949....(b)....	101½	5.90	1.20
Baltimore & Ohio Convertible 4½s, 1933....(b)....	94	5.40	1.35
Baltimore & Ohio Rfd. 5s, 1995....(b)....	92	5.45	1.35
Missouri, Kansas & Texas Prior Lien 5s, 1962....(c)....	95	5.25	1.10
Boston & New York Air Line 4s, 1955....(a)....	70	6.20	....
Kansas City Southern Rfd. and Imp. 5s, 1950....(a)....	91½	5.60	1.90
Minneapolis, St. Paul & Sault Ste. Marie 6½s, 1931....(a)....	102½	6.00	1.50
Rutland R. R. 1st 4½s, 1941....(a)...	89	5.60	1.75

Industrials:

Bond	Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
South Porto Rico 1st Mtg. and Col. 7s, 1941....(b)....	105	6.50	2.20
Sinclair Pipe Line 5s, 1942....(b)....	87	6.25	g 2.50
Goodrich, B. F., Co., 1st 6½s, 1947....(b)....	106	6.00	e 2.40
California Petroleum Corp. 6½s, 1933....(c)....	103¾	5.90	4.80
International Paper Co. 5s, 1947....(a)....	92	5.65	2.50
U. S. Rubber 5s, 1947....(c)....	90	5.90	2.05
Bethlehem Steel Co. 5s, 1936....(a)....	93	5.90	f 2.30
Armour & Co. of Del. 1st 5½s, 1943....(c)....	94½	6.00	....
Anaconda Copper Mining Co. 1st 6s, 1953....(b)....	100½	5.95	g 1.25
Union Bag & Paper Co. 6s, 1942....(b)....	95½	6.45	f 4.40

Public Utilities:

Bond	Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
Manhattan Railway Cons. 4s, 1990....(a)....	62½	6.45	g 0.90
Amer. Water Works & Elect. Corp. Col. 5s, 1934....(c)....	95⅝	5.65	2.40
Ohio Public Service 7s, 1947....(c)....	110	6.15	f 2.00
United Fuel Gas 6s, 1936....(b)....	102¼	5.70	e 7.00
Virginia Railway & Power 5s, 1934....(a)....	98⅝	5.20	2.00
Hudson & Manhattan Refunding 5s, 1957....(c)....	92	5.40	2.60
American Gas & Electric 6s, 2014....(c)....	98	6.10	2.00
American Power & Light Deb. 6s, 2016....(c)....	97½	6.15	3.00
Kansas Gas & Electric 6s, 1952....(b)....	103	5.75	1.80
Havana Elec. Ry. Light & Power 5s, 1954....(a)....	93¾	5.48	5.66
Commonwealth Power Corp. 6s, 1947....(c)....	103	5.75	4.50
Manitoba Power Company 7s, 1941....(c)....	103	6.70	....

SPECULATIVE

(For Income and Profit)

Railroads:

Bond	Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
Chesapeake & Ohio Conv. 5s, 1946....(b)....	106	4.55	1.65
Erie Genl. Lien 4s, 1996....(b)....	63	6.40	1.31
St. Louis & San Francisco Adj. Mtg. 6s, 1955....(c)....	92	6.65	1.25
Missouri, Kansas & Texas Adj. Mtg. 5s, 1967....(c)....	85	5.95	1.10
International Great Northern Adj. 6s, 1952....(c)....	73	6.00	....
Chicago Great Western 1st 4s, 1959....(a)....	65	6.65	0.85
Western Maryland 1st Mtg. 4s, 1952....(a)....	66	6.00	1.20
Rock Island, Ark. & Louisiana 1st 4½s, 1934....(c)....	88⅝	6.15	....

Industrials:

Bond	Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
Pan Amer. Petroleum & Transport Conv. 6s, 1934....(c)....	110	4.65	25.00
Cuba Cane Sugar 7s, 1930....(c)....	97	7.75	2.15
International Mercantile Marine 6s, 1941....(b)....	86	7.50	2.50
American Agricultural Chemical Co. 7½s, 1941....(b)....	102	7.25	....
Warner Sugar Refining Co. 1st 7s, 1941....(c)....	95½	7.50	....

Public Utilities:

Bond	Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
Empire Gas & Fuel 7½s, Series "A," 1937....(c)....	104	7.00	3.30
Brooklyn-Manhattan Transit 6s, 1968....(c)....	91	6.60	f 1.50
Chicago Railways 1st 5s, 1927....(a)....	77	16.00	1.08
Hudson & Manhattan Adj. Income 5s, 1957....(b)....	76½	6.85	2.00
Interboro Rapid Transit 5s, 1966....(a)....	68	7.55	0.90
Third Avenue Railway Rfd. 4s, 1960....(b)....	56	7.60	i 1.35

‡ Callable in 1936. ¶ This represents the number of times interest on the companies' entire outstanding funded debt was earned, based on earnings during the last five years. Includes government payments during period of government operations of railroads.

(a) Lowest denom., $1,000. (aa) 1922. (b) Lowest denom., $500. (c) Lowest denom., $100. (d) Lowest denom., $50. e Average last three years. f Average last two years. g Average last four years. i Does not include interest on adjustment bonds.

Railroads

What's in the Railroad Grab Bag?

The St. Paul, Northwestern Rate Situation and Nickel Plate Merger Give Investors Plenty of Room for Thought

Despite present complexities, railroad progress in the past few years has been unmistakable. The probabilities favor renewed interest in that class of shares representing the stronger railroads.

ST. PAUL'S reorganization, the Nickel Plate merger and the Northwestern rate situation, with Labor looming menacingly in the background, furnish the fuel to keep the railroad pot boiling merrily these days. And incidentally they provide ample food for reflection on the part of the railroad investor when the latter should be enjoying that sound sleep which is supposed to come only to the just, but which, perhaps, comes only to those who are fortunate enough to own no railroad securities.

The great American game of Grab is in full swing. Close your eyes and thrust your hand into the railroad Grab-Bag and see what you fetch forth. The "undisturbed" bondholders of the St. Paul vote that the game of Grab is a grand one—under the conditions—but the minority bond and stockholders say it's a rotten pastime. The bankers of St. Paul say it was the Puget Sound extension and Uncle Sam's Panama Canal which pulled the plug on St. Paul, but Roosevelt & Son say it's nothing of the kind. Simply a case of malnutrition. What the latter want to do about it is not clear. Perhaps they don't quite know themselves. St. Paul reorganized and with capitalization and interest charges reduced would fare better under increased freight rates than an unreorganized St. Paul under increased freight rates. But then, again, there is that factor to be considered which might be termed the "psychology of the red." St. Paul, the bankrupt, is a more convincing petitioner than St. Paul reorganized and making money on its readjusted capitalization. No one seems to have a clear idea of which faction will prevail. One well-posted railroad man predicts that the whole situation will wind up in a free-for-all. And when lawyers step in stockholders despair. It seems likely that many months will elapse before order comes out of chaos for St. Paul.

Meanwhile one hears many interesting—if true—rumors in regard to the St. Paul wreck. The circulation stunt by a daily newspaper to prove that St. Paul was looted in the manner that New Haven was demolished, fell flatter than the proverbial pan-cake. But a well-founded report says that several large financial institutions, including a big insurance company, were badly scorched by the St. Paul receivership. The story goes that those interests bought heavily of St. Paul's junior securities on the general theory that there would be no receivership. Perhaps they figured that St. Paul was too big to let go. They were badly informed.

Boulder on Nickel Plate Track

Minority stockholders of the Chesapeake & Ohio have levered a boulder upon the tracks of the Nickel Plate merger and, consequently, have put a temporary kibosh upon mergers in general. Chesapeake's minority finds the game of Grab none too diverting, contending that they are more grabbed against than grabbing. There seems some basis for their contention. But the "Vans" take the attitude that the hearings before the Interstate Commerce Commission are for the express purpose of determining whether the merger terms are equitable. If they are not it is up to the Commission to make such modifications as will make them fair to all interests.

The minority interests, however, have developed a curiosity which is far from good form in our best financial circles and have evinced a determination to find out all about the Vans and their doings which the latter find distinctly annoying.

There exists more than a suspicion that the real terminus of the Nickel Plate consolidation is in the Grand Central Station of New York City and the Grand Central, as everyone knows, receives its orders from a not obscure house situate at the corner of Wall and Broad street. According to counsel for the Vans, the latter wish to discredit the story that the New York Central or any other railroad has an interest in the Vans' transactions, but Wall Street is a very skeptical place, and, as everyone knows, there are more ways of skinning a cat than by sending it to a taxidermist.

So when H. W. Anderson, counsel for the protesting stockholders, began to ask O. P. Van Sweringen pointed questions in reference to the Vaness Co. and Terminal Properties Co., the Vans stated through counsel that Mr. Anderson was running up a side-switch, or words to that effect and that he had better stick to his muttons or there would be no railroad merger or anything. But Anderson proved obdurate and the result was that "O.P." sat back in the traces and flatly refused to answer. So that's where the Nickel Plate merger stands today. The matter, while seemingly non-essential, is, in reality of vital importance. Upon the Commission's decision as to whether or not the Vans must disclose the details of all their doings from the beginning of time to the present date, much depends.

"For," as the railroad authority already mentioned, observed to the writer, "if it gets to the point where every railroad financier has got to broadcast how many spoonfuls of sugar he takes with his coffee, whether he beats his wife and how often, or whether he is a fundamentalist or just a prohibitionist, the cause of railroad mergers will receive a severe set-back." The decision of the Interstate Commerce Commission, presently to be announced, is awaited with more than casual interest in railroad circles.

The Perfect Potter Plan

Generally speaking, the railroads are making money, not quite as much as a year ago, but enough to keep most of them several track-miles ahead of the sheriff. But certain of the western and northwestern roads are eking out a scant existence and hope that the Grab Bag will prove kindly. They base their hopes on their petition to the Interstate Commission for permission to advance rates from present levels to the equivalent of a 10% or 11% increase. The petition is apparently based on the idea that if you ask twice what you expect you may get half of what you ask. In the matter of rates, however, the roads run smack into the snag of politics. For every railroad voter there are a thousand agricultural voters and "Lo, the poor

(*Please turn to page* 576)

RAILROAD NET EARNINGS INCREASED 24.6% IN MAY

ALTHOUGH gross operating revenues of the Class 1 railroads in May only increased 2.3%, compared with the same month last year, increased operating efficiency enabled the roads to show an increase in net operating income of 24.6%, which is by far the best showing made so far this year. Net operating income for the Class 1 roads for the first five months this year amounted to 345.8 millions which, allowing for seasonable fluctuations in traffic was at the annual rate of return of 4.38% on estimated property value comparing with 326.4 millions or 4.27% for the same period of 1924.

The Northwestern region shows the lowest return on property investment, the first five months indicating an annual rate of only 2.13%. The St. Paul receivership with the losses that will have to be sustained by many thousands of investors has forcibly brought to public attention the inadequate return that the Northwestern roads are receiving. The Interstate Commerce Commission is now considering a petition of the Northwestern roads for an increase in rates and it is possible that before long some readjustment will be made in order to benefit the carriers in this section. While favorable action along these lines would of course help the St. Paul situation, it would likewise be of benefit to such roads as Great Northern, Northern Pacific and Chicago & Northwestern.

Returns from the South and Southwest were favorable for the month of May, particularly so in the case of Missouri Pacific, St. Louis-San Francisco and Seaboard Air Line. Missouri Pacific preferred has done little marketwise for several months and in view of continued good earnings the stock appears somewhat behind the market.

Among other roads which performed well in May may be included Reading, Wabash, N. Y. Central and New Haven.

Carloadings in June were at a high level, showing material increases over June last year, indicating that railroad reports for June will show good inceases in both gross and net.

The temporary holding up of the Nickel Plate merger unquestionably removed some of the speculative enthusiasm from the railroad group but with earnings continuing on a favorable basis, it appears probable that the rails will regain their popularity shortly and some of the best opportunities in stocks at the present time lie in this group.

*Annual Rate of Railroad Earnings, Based on the First Five Months of 1925

The following table gives the annual rate at which railroad earnings are running, based on operations for the first five months of 1925, and allowing for seasonal fluctuations of traffic of each individual road:

Road	Net Operating Deficit	% Charges Earned	$ Per Share on Preferred	$ Per Share on Common
Atchison	....	....	....	11.00
Atlantic Coast Line	....	....	....	22.80
Baltimore & Ohio	....	....	....	8.40
Canadian Pacific	....	....	....	7.20
Chesapeake & Ohio	....	....	....	20.80
Chicago & Eastern Illinois	....	53	....	....
Chicago, Rock Island & Pacific	....	....	....	0.90
Chicago Great Western	....	53	....	....
Chicago, Milwaukee & St. Paul	....	60	....	....
Chicago North Western	....	....	....	5.70
Delaware & Hudson	....	....	....	17.90
Delaware, Lackawanna & W.	....	....	....	9.80
Erie	....	....	....	4.70
Great Northern	....	....	....	8.00
Gulf, Mobile & Northern	....	....	¶8.30	....
Illinois Central	....	....	....	12.10
Kansas City Southern	....	....	....	4.70
Lehigh Valley	....	....	....	11.90
Louisville & Nashville	....	....	....	13.00
Minn., St. Paul & S. S. Marie	....	....	....	5.30
Missouri-Kansas-Texas	....	....	....	§6.00
Missouri-Pacific	....	....	†11.60	....
New York, Chicago & St. Louis	....	....	....	17.70
New York Central	....	....	....	**12.10
N. Y., New Haven & Hartford	....	....	....	3.70
Norfolk & Western	....	....	....	14.70
Northern Pacific	....	....	....	5.00
Pennsylvania	....	....	....	4.30
Pere Marquette	....	....	....	11.20
Reading	....	....	....	9.70
St. Louis-San Francisco	....	....	....	16.00
St. Louis Southwestern	....	....	....	8.00
Seaboard Air Line	....	....	....	2.40
Southern Pacific	....	....	....	6.50
Southern Railway	....	....	....	14.00
Texas & Pacific	....	....	....	9.00
Union Pacific	....	....	....	9.40
Wabash	....	....	....	6.70
Wheeling & Lake Erie	....	....	18.00	....

*Earnings given in this table are not an estimate of the full year's results, but simply indicate the annual rate of earnings for the first five months.

¶Gulf, Mobile & Northern pfd. is entitled to 6% and there are 22¾% back dividends due. After deducting 6% on the preferred, the balance is equivalent to $2.40 a share on common.

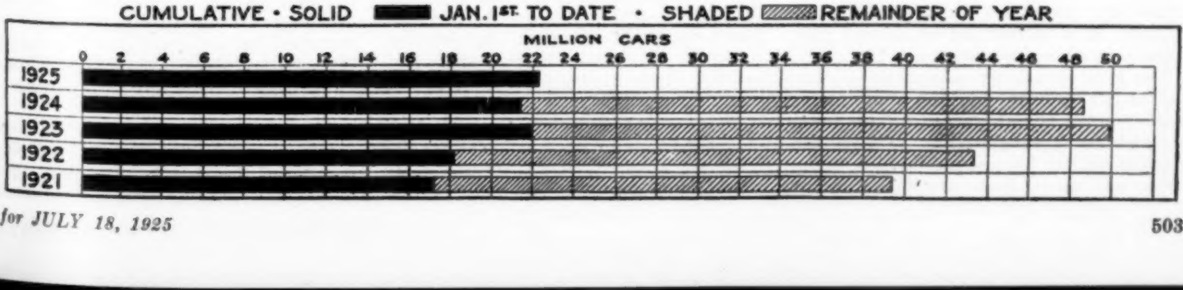
†Missouri-Pacific pfd. is entitled to 5% and there are 32⅛% back dividends due. After deducting 5% on preferred, balance is equal to $5.70 a share on common.

§Missouri-Kansas-Texas pfd. is entitled to 7%. After deducting 7% on pfd. and 7% on the 5% adjustment bonds which are convertible into preferred, the balance is equal to $6.00 a share on common.

**Does not include undivided surplus earnings of controlled lines.

Summary of Car Loadings

CUMULATIVE · SOLID ▬ JAN. 1ST TO DATE · SHADED ▨ REMAINDER OF YEAR



Industrials

Security Groups That Should Soon Better Their Position

A Brief Resumé of the Outlook for Five Leading Industries — Stocks in the Best Position

THAT ancient Wall Street adage, "never sell stocks when the sap is running," has reference, of course, to the fact that spring is usually a time when business is throwing off the chill of winter and warming up to a new season of activity. Like a great many trick phrases, this one is subject to exceptions and qualification. True, the recent spring saw a decided upswing which had its beginnings in reaction from the 1924 business slump and favorable political developments last fall.

Many industries were forced to reef sail in the past few months, however, having interpreted early year commercial expansion too liberally. In the period of readjustment that has followed, these temporarily over-extended industries have made good progress toward recovering equilibrium. They have been laying the foundations for larger activity during the autumn.

Several lines have probably made their best gains for the year. This is most emphatically true of those which are usually susceptible to the spring influence to a high degree. Security prices in respect to these groups have reached ambitious levels. Many stocks have been exploited to an extent which suggests that the good things have been taken into account in market values. The groups previously referred to have been relatively backward, however, and it seems a reasonable inference that fall improvement will be reflected in the market action of representative shares.

Several of these are discussed below, first with reference to the position of each industry and then with respect to the leading stocks. Since these analyses are frankly based upon the speculative possibilities rather than the investment outlook, no attempt has been made to do more than draw attention to the outstanding facts in each case.

FARM MACHINERY GROUP There has been a lull in agricultural implement sales due to the fact that this business, like steel, encounters a rest period during the summer months. There can be no question, however, that the industry has turned the corner after four years of depression. Sales have run well ahead of 1924 in each month since January. The probabilities are that a total increase of 25% in volume will be shown for the entire twelve months.

Prices seem stabilized at prevailing levels and production is running at a rate in excess of any for the past four years. Since the industry is intimately dependent upon farm prosperity, it is interesting to observe that the year's crop prospects are favorable. The loss in winter wheat production promises not to be disturbing since other crops have been planted on abandoned acreage, generally satisfactory prices should be realized by the farmers, and other crops are doing well.

Agriculture still has a large deficiency to make good in respect to replacements of obsolete and worn out farm equipment resulting from several years of meagre buying. Much of the debris of unpaid farm debts was cleared away last year, leaving the way open for more liberal expenditures henceforth. Outlook for continued heavy farm machinery demand is encouraging, especially for the coming fall months.

International Harvester Corp. towers over all other companies in this group. The strong financial and strategic trade positions, together with high-grade management, have brought the company through a trying period in excellent shape to profit from the brightening prospect. Moreover, Harvester is favored by lower production costs than its competitors. The company is discussed in detail elsewhere in this issue. It is only necessary to suggest here that the common stock appears a promising speculation despite the small current income return of 4.7 per cent.

J. I. Case Threshing Machine Co. may trace its history back to 1842. In pre-depression years, the company was able to show good earning power, but in January, 1924, was compelled to suspend dividend payments on the 7% cumulative preferred stock. This issue now carries an accumulation of $10.50 a share. Despite three successive deficits for the years 1921-1923 and net of $1.14 a share for the preferred last year, a strong financial condition has been maintained. The company had 3.2 million dollars of bank loans but no funded debt at the close of 1924. Recovery in the farm implement industry lends encouragement to the prospect for resumption of preferred dividends, but payments on the common are still remote. The latter, however, would probably respond to favorable action in respect to the senior issue.

Advance-Rumely Co. has kept finances in satisfactory shape in the face of adverse conditions. Working capital stood at 10.68 million dollars as of December 31, 1924, with ratio of current assets to current liabilities about 5 to 1. Earnings record is very erratic, however, and in late years net profits have not been large enough to permit a disbursement of more than $3 on the 6% cumulative preferred stock. Back dividends to the extent of $10.50 have accumulated on this security. At recent prices around 52 the preferred does not present an outstanding opportunity but should do better in conformity with the possibilities for improvement in company earning power.

THE PACKING GROUP Average earnings of the packers for 1925 will be brought down somewhat by the indifferent showing of the first and second quarters. Fears of animal shortages, particularly hogs, led to high prices and erratic fluctuations in the livestock markets, increasing the operating difficulties of the packers. Consumption of meats, foreign and domestic, fell off because of consumer objection to the price of meats.

The situation has recently improved, however, and outlook for the remaining months of the year is quite good. The threat of a shortage has been removed

in consequence of heavier marketings and prices of cattle and hogs have receded to more reasonable levels. The supply of meat animals seems well balanced in relation to demand and the probabilities favor relatively stable markets. In fact, packers have been cutting down their rather heavy inventories of late, though moderately.

Indications, therefore, point to better earnings in the final six months of 1925 than during the preceding period. Results last year reflected the rapid recovery from depression and finances have been restored to a sound basis since the notorious post-war collapse.

Cudahy Packing Co. is one of the "Big Five" of the packing industry. Earning power suffered a decided setback during the years 1920-1922 but the company has recovered its former status. Thus, net profits available for the common stock in the year ended October 31, 1924, were at the rate of $16.07 a share compared with $8.29 in 1923 and $3.78 the year before that. In view of the situation outlined above, net income should measure up to the 1924 standard during the current fiscal year. Manifestly, an increase in the present $7 dividend is a reasonable possibility. This conclusion is supported by the company's strong working capital position. At recent prices around 105, the shares yield 6.7% and have good speculative possibilities.

Armour & Co. of Illinois is among the world's largest packing companies. Its plants are to be found in all parts of the United States. Ramifications of the business cover numerous by-products related to the meat packing business. Deflation dealt Armour a severe blow, causing a total deficit of more than 49 million dollars in 1921 and 1922. This necessitated considerable financing but the company has reflected subsequent improvement in the return to profitable operations and greatly strengthened finances. Bank loans at the close of 1924 were down to 37.27 million dollars against 58.09 millions at the end of 1923. The Class A shares are entitled to cumulative dividends at the rate of $2 per annum, after which they share equally with the Class B stock in any further disbursement. The Class A stock, yielding 8.7% at 23, offers an attractive return under existing conditions.

THE STEEL GROUP The steel industry has been passing through a period of readjustment following the activity of late 1924 and early 1925. Producers and consumers were forced to liquidate their stocks, the former because of over-production and the latter because of over-buying. Prices have been declining for several months due to the unbalanced condition of the market. Of late, there is increasing evidence that stability is creeping in.

The mills are much more favorably situated than at this time a year ago, having taken the situation in hand early. Output was gradually curtailed before operations got too far out of bounds. Though the summer is a dull season for the industry, it is probable that production will hold around 60% of capacity compared with last year's low at 40%.

There is little tendency to order ahead, but current business remains fairly good. In fact, the volume of production and consumption is less a source of concern to steel companies than prices. With wages still high and costs undeflated, the chief problem facing the industry is to maintain a fair margin of profit by holding the market in line. Should expansion come in the fall, as now seems quite likely, this object would be accomplished and an improvement in earnings may reasonably be anticipated.

U. S. Steel, of course, is the dean of the iron and steel group. It has a decided advantage over competitors in that the wide diversity of the company's products and plants enable it to benefit from increased activity in any quarter. Bulwarked by an impressively strong financial position, Steel could well continue the present $7 divi-

Statistical Comparison of Companies in Position to Do Better Soon

Company	Earned $ per share 1921	1922	1923	1924	Div. $ per Share	Recent Mkt. Price	Yield %	1924 High	1924 Low	1925 High	1925 Low
Farm Machinery											
Advance-Rumely Pfd...	def.	1.10	def.	3.49	3.0	52	5.8	54	28	59	47
Case (J. I.) Thresh. Mch. Com.	def.	def.	def.	nil	..	30	..	35	14	35	24
International Harvester	def.	1.35	6.07	8.86	5.0	107	4.7	110	78	114	96
Fertilizers											
American Agric. Chem. Pfd.	*def.	*def.	*1.76	*0.40	..	59	..	49	18	59	36
American Agric. Chem. Com.	*def.	*def.	*nil	*nil	..	20	..	17	7	21	13
Packing											
Armour & Co. of Ill. Class A	def.	def.	2.00	2.50	2.0	23	8.7	not listed		24	20
Cudahy Packing Co...	nil	3.78	8.29	16.07	7.0	105	6.7	85	55	106	95
Steel											
Gulf States Steel......	def.	7.27	12.79	7.48	5.0	85	5.9	89	62	94	67
Inland Steel	0.05	1.13	4.08	4.04	2.5	39	6.4	48	31	50	38
Sloss-Sheffield I. & S..	0.45	1.10	20.22	10.47	6.0	90	6.7	84	52	97	80
U. S. Steel...........	2.24	2.84	16.42	11.77	7.0	115	6.1	121	94	129	112
Youngstown Sheet & Tube	def.	2.73	14.93	6.68	4.0	66	6.1	71	61	76	63
Sugar											
American Sugar Ref...	def.	11.72	1.92	†def.	..	65	..	61	36	71	47
Cuban-American Sugar	§def.	§1.47	§7.45	§6.02	3.0	29	10.3	38	28	33	27
Great Western Sugar..	‡def.	‡9.71	‡18.26	‡15.88	8.0	106	7.6	100	83	113	91

*Years ended June 30. †Exclusive of profit on investments sold. §Years ended Sept. 30. ‡Fiscal years ended Feb. 28, 1922, 1923, 1924 and 1925.

dend policy even in the face of an extended recession in business. While the stock does not lend itself so well to speculative movements as other steel issues, this leader may be expected to hold its prestige in any recovery.

Sloss-Sheffield Steel & Iron is a producer of merchant pig iron which, under favorable conditions, is capable of showing high earning power. The company has never failed to report a profit in its twenty-five years of corporate history. Being a low cost producer, Sloss should reap its full share of profit in a rising steel market.

Gulf States Steel, like Sloss-Sheffield, is favored by cheap labor and low raw material costs. At the close of 1924, the company had but 568,999 dollars of current liabilities against 5.01 millions of current assets. There is no bonded debt. Earnings for the second quarter will undoubtedly show a decline compared with the $2.88 a share earned for the common during the first quarter. Gulf States, however, responds promptly to improvement in the steel business.

Inland Steel Co. is one of the strongest of the smaller independents. The present organization and its predecessor company have paid dividends on the common shares without interruption since 1908. Financial position is strong with no bank loans and a very small funded debt. Net available for the common has averaged nearly $4 a share annually during the past nine years. Though the stock yields but 6.4% at recent prices around 39, it seems entitled to considerations as a fairly conservative, low-priced speculation.

Youngstown Sheet & Tube ranks next to the Steel Corporation and Bethlehem in point of size. Its record is one of consistent growth and good earning power. Barring 1921, the company has shown no deficits in the past twelve years, although profits vary considerably in keeping with changes in the steel industry. Earnings for the common for the current half-year should compare favorably with the corresponding period a year ago when net was equivalent to $5.18. The stock is relatively stable market-wise in reflection of the strong working capital position. It should do better in the event of an upturn in the industry.

THE SUGAR GROUP A rapid increase in raw sugar production in the past two years has borne heavily on the price structure, forcing quotations down to unprofitable levels. The season's yield, including all producing countries, promises to establish a new high record. Production in Cuba alone is estimated at approximately 5.0 million tons. Output from the Island last year totaled 4.07 million tons.

With raws selling around 2⅝ cents a pound, only a favored few producers are in a position to show profits over operating expenses since the average minimum cost of production is probably 3 cents. The picture thus presented is not encouraging on its face. The situation would seem to carry its own correctives, however. Low prices are a strong stimulant to consumption. In fact, demand is running to even higher proportions than output and there are indications that the season's carry-over will not prove troublesome. Then again, a period of unprofitable prices is likely to be followed by one of less active plantings and lower production so that a recovery seems a not unreasonable possibility.

The market has held on an even keel for many weeks. The absence of wide price movements and promise of continued stability augurs well for the refiners who should enjoy larger earnings this year than for some time. Domestic producing companies are fairly well protected by the tariff on imported raw sugar and, accordingly, should do better than the average Cuban grower.

Great Western Sugar is probably the strongest of the domestic sugar companies and the lowest cost producer. Several million dollars have been reinvested in properties out of the company's liberal earnings of past years. Although 1924 was by no means an exceptional season in the sugar industry, Great Western piled up net profits equivalent to $15.88 a share for the fiscal year ended February 28, 1925. Financial status is exceptionally strong. At the close of February the company had 49.22 million dollars of current assets and but 2.07 of current liabilities. Cash alone was equal to more than three times the liability item mentioned. Obviously, the present $8 dividend is well secured. Given a turn for the better in the sugar markets, the company might readily adopt a more generous dividend policy.

American Sugar Refining Co. fell on evil times when the sugar markets collapsed in 1919. With the exception of 1922, operations have been unsatisfactory in each of the past four years. Several of the company's profitable investments, such as Great Western Sugar, have been sold. While the effect has been to increase liquid resources, bringing working capital to 66.05 million dollars on December 31, 1924, future earnings must depend more largely upon refinery operations. In this respect, however, the outlook is now encouraging and a recovery in earnings may logically be anticipated. The common shares should reflect this situation.

Cuban-American Sugar Co. seems entitled to consideration in this group even though the company is a Cuban producer. It is one of the few companies capable of showing good results when others encounter difficulty. In but one year since 1914 has Cuban-American failed to show a profit, that being 1921 when deflation throughout the industry was drastic. The stock is speculative, but the current 10.3% yield suggests that the shares should be quick to answer any turn for the better.

THE FERTILIZER GROUP Autumn is not the season of highest activity in fertilizers but it seems worth while to refer briefly to this industry inasmuch as there has been a decided change for the better within the past year. Fertilizer companies experienced a good-sized expansion of sales—about 8% compared with 1924—and should report larger earnings.

The industry has benefited from past experiences and is down to a sounder basis. Credit is being extended more carefully. Ruinous competition is no longer in evidence. Approximately 65% of the past season's business was done on a cash basis and material progress made in cutting down old accounts receivable.

With agriculture once more on a solid footing, the fertilizer business should return to some semblance of its pre-war prosperity. Securities in this group are likely to reflect improvement some time before the next period of seasonal expansion in the spring of 1926, however.

American Agricultural Chemical Corp. is the only important company among the fertilizers that survived deflation without reorganization. The company has a profit and loss deficit of 19.40 million dollars, nevertheless, and preferred dividend accumulations amount to 25½%. Earning power has been improving to an extent which should lead to a readjustment of capitalization, thus leaving the way open to elimination of this deficit. Dividends are still well in the future and the preferred and common stocks have reflected the brightening outlook to some degree already. There would seem to be room for further improvement in the market position of these issues, however, with the preferred, obviously, in the better position.

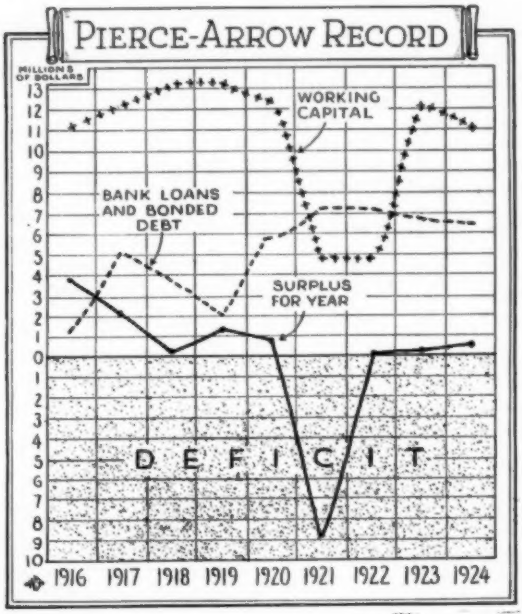
The August 15 issue will contain our mid-year dividend forecast section for all the leading security groups. It will give a complete record of earnings for the first half of the year and other essential data. This feature should offer valuable service in regard to your future security commitments.

Pierce-Arrow Comes Back

The Prior Preference Stock's Spectacular Rise—Causes Behind the Movement—Future Prospects

PIERCE-ARROW is out of the woods. It is the last of the important motor car producers to regain its bearings, probably because the company's post-war problems were more difficult of solution than those of most concerns in this particular field.

Although attention was drawn to the brightening outlook in these columns last January, the stock market has wakened to the situation rather suddenly. Only a little more than two months ago, the prior preference shares were selling in the nineties. Recently this issue sold as high as 173, a truly meteoric rise and one that is unusual in the preferred group.



What is there back of this advance to justify such a price for an issue limited to 8% cumulative dividends? The story is one of war expansion and the inevitable readjustment. During the period of world turmoil, plants were greatly enlarged to take care of an unprecedented demand. Pierce-Arrow trucks, of which the company manufactures a complete line ranging from 2-ton to 5-ton models, have long enjoyed an enviable reputation. Though it was feverishly active in supplying Government requirements, actually, the company realized but a small return from war prosperity. The common stock paid a total of $10 a share in dividends for the three years 1917-1919 and no disbursements have been forthcoming since.

Like many other enterprises, the unexpected termination of hostilities and later deflation left Pierce-Arrow very much up in the air with a capacity approaching 10,000 cars per annum and an over-burdened inventory account. The passenger branch of the business was seriously deranged during the war and for a long time afterward.

An operating deficit of 8.76 million dollars in 1921 proved seriously embarrassing to finances. Only the most careful nursing over the ensuing period of convalescence saved the company from passing into the hands of creditors.

While other capably managed companies were able to throw off the bonds that tied them to depression, Pierce-Arrow was still struggling to recover its footing when the motor industry revived in 1922 and 1923. Producing, in addition to trucks, a high quality passenger model which caters to a limited class of buyers, the company was handicapped. The number of cars and trucks shipped in 1921 was 2,200 and in the following year 2,693. Thus, factories could not be brought up to that measure of activity which spells the difference between profit and loss.

As a result, bank loans piled up to the tune of 8.15 million dollars in the first named year. The business was rehabilitated through reorganization of plants and sales departments during 1922 and by painstaking husbanding of cash. This, with the spurt in earnings later on, paved the way for financial readjustment.

An issue of 3.5 millions of 6% notes, together with the proceeds of 4.2 millions 8% debentures and 15,750 shares of 8% cumulative prior preference stock, sold to shareholders, permitted reduction of the bank debt. Capitalization of goodwill at 5.0 millions wiped out the previous 4.68 million dollar profit and loss deficit. Inventories were gradually brought down to sound values.

By skillful maneuvering, the management succeeded in jockeying the company into position to start with the field when the motor industry started its spring boom this year. Pierce-Arrow's progress in recent months may be described as gratifying.

Net profits for 1924 had risen to $6.25 a share on the 8% preferred stock, compared with $2.78 the preceding twelve months and 11 cents a share in the year before that. At the close of last year, working capital was restored to 11.02 millions of which 1.54 millions were cash. Surplus amounted to 903,000 dollars against a deficit of 4.42 millions three years earlier.

Further substantial progress is being registered as shown by the fact that cash account recently increased to 1.84 millions in the face of steady reduction tion of bank loans to 975,000 dollars and payment of the 3.5 millions three-year notes at maturity last April.

The return to a basis promising ultimate recovery of former earning power may be attributed largely to the introduction of new motor vehicles. Last year, a line of medium-priced passenger cars, known as series 80, were brought out. This product met with an instant popular demand. A six-cylinder motor bus of new design was brought out in December, 1923. Persistent expansion in the commercial field has also done a great deal to revitalize Pierce-Arrow and aid in the absorption of excess plant capacity.

The 8% prior preference stock's rise is quite plainly based upon strengthened earning power and restoration of sound financial condition. This issue, be it observed, is convertible into common stock in the ratio of five junior shares for one preferred, which accounts for the recent hectic market action.

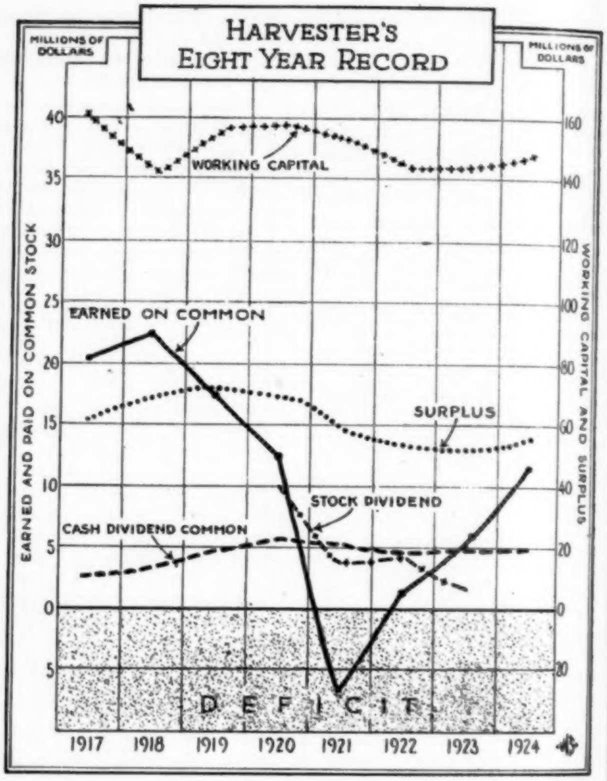
Conclusion

At prevailing prices around 165, the stock has ceased to be attractive on an investment basis, since the yield is but 4.8%. Moreover, the shares are callable at $100.

The common is still well removed from dividends, but for those who care to entertain a long range speculation, the prior preferred might still be given preference since it provides a call upon the common and offers some income return, at least until redemption. The 8% cumulative preferred stock carries an arrearage of 34% in back dividends. Doubtless any effort to resume payments would be preceded by retirement of the prior preference shares. The prospect for some such step later on is steadily improving and the issue at 83 appears a fair speculation. The 8% debentures of 1943 yield 7.6% to maturity and are attractive as a medium-grade investment.

Harvester's Brilliant Outlook

An Impressive Record—Company Favorably Affected by Turn in Farm Implement Industry



TO pass through four weary years of acute depression after writing off nearly 27 million dollars of war losses, to encounter a total deficit of 8.69 millions during two of those years and pay 56.95 millions in common and preferred dividends—all this without incurring a burden of bonded debt, or impairment of resources—is no mean feat. It is a performance worthy of one of the country's largest industrials and a testimonial to able, far-sighted management and inherent financial strength.

International Harvester would now seem in a position to reward its stockholders for the trial of courage and patience to which the unmourned farm debacle subjected them. Not only has the agricultural implement industry turned the corner, but it appears well started on the return road to prosperity.

Although Harvester charged off an additional 2.29 million dollars against earnings last year, the company reported a net balance of $8.81 a share for the common stock. This loss represents the final liquidation of International's investment in Russia. The Soviet Government mercifully terminated all remaining suspense on this score by appropriating the factory at Lubertzy without payment or hint of future compensation.

Possibly the return to sanity of future generations may restore Harvester's equities in that unhappy country. So far as can now be foreseen, however, the Russian assets must be counted out of the reckoning though possible restoration of the properties may some day prove a source of price appreciation in the shares.

1924 *Record Satisfactory*

Be that as it may, last year's showing is most encouraging. In fact, the figures quoted above do not give an undistorted picture of the recovery that set in during the latter part of 1924. Thus, if the Russian loss be shifted as a charge against previously accumulated surplus instead of income, Harvester's actual earnings for the year would be equal to $11.86 a share on the common stock.

While the company does not publish other than a yearly report of operations, it seems logical to assume that an even more impressive showing will be made for the current twelve months. Improvement in agricultural price levels over the later months of 1924 restored the farmer's buying power in no small degree. The result of this situation is seen in the marked revival of demand for machinery thus far in 1925. Export sales show a falling off of roughly 10% compared with the early months of last year but offsetting this is the gain of between 30 and 40% in domestic business.

The trend of earnings may be taken as distinctly improved. Selling prices were lowered last December — the cut averaging 6% in Harvester's case—but rising demand has been followed by a more profitable rate of operations and consequent reduction in production costs.

Outlook in foreign markets is by no means discouraging. Restoration of confidence and economic stability abroad, following adoption of the Dawes plan and gradual return to the gold standard, have paved the way for better trade relations. Harvester is pushing its foreign business on an aggressive scale as denoted by the fact that production was resumed at the company's German plants and additions were being made to the factories in France last year. In that country and Sweden, output was reported to be running at capacity.

These developments do not tell the whole of Harvester's story, however. The great scope of the company's activities is not always realized. Like the U. S. Steel Corporation, International Harvester is a complete, self-contained industrial unit. Agencies, branches and factories are located all over the world.

Activities were still further extended when the company entered the motor truck field about two years ago. The Fort Wayne, Indiana, plant was expanded last year to permit an increase in production and new service stations were added to the company's list. What this phase of operations may bring in the way of increased business cannot be determined since earnings of the various departments are not segregated in the annual reports. Gauged by the experience of representative automobile manufacturers, however, this branch of the business should prove a source of considerable profit to the company.

The Government is still pursuing its anti-trust suit against the company but Harvester has drawn first blood. The U. S. District Court at St. Paul recently held that the consent decree of 1918 had proved effective in maintaining competition and refused to grant a modification of its provisions. The case has been appealed to the Supreme Court for final decision.

Harvester is, manifestly, a very strong company representing a basic industry. Its preferred shares are to be considered among the highest type investment issues but at present levels around 118 the yield is 5.9% which is not especially attractive to the average investor. The common stock at 105 and paying $5 a share returns even less—4.7%—but if measured by the possibilities for improvement in earning power and long range dividend returns it should appeal to the patient buyer.

Improving Your Investment Position

Suggestions for Switching from Ten Common Stocks Into Ten Others with More Promising Market Prospects

	Earned per share 1924 $	Current Rate Earnings Partly Est. $	Div. Rate ($)	Price Range 1924 High	1924 Low	1925 High	1925 Low	Recent Price	Yield %	REMARKS
American Ice to	11.36	15.00	7	96	72	115	83	110	6.3	Increased use of small ice making machines beclouds future of company. Standard Milling appears to have a definitely assured future.
Stand. Milling	5.27	10.00	5	73¾	39½	80⅞	62	76	6.5	
Corn Products to	3.61	2.50	2	43¾	31½	41⅝	32⅜	37	5.4	Low priced sugar and high priced corn is adversely affecting earnings of Corn Products. Child's earnings are steadily increasing.
Childs Co.	6.13	6.50	[1]2.40	[2]44½	[2]32	59¾	49⅞	59	4.0	
Amer. Locomotive to	9.80	[3]	[4]8	109¾	70⅛	144⅞	104½	115	7.0	As railroads are well supplied with locomotives, the outlook for Amer. Locomotive is not encouraging. Schulte's earnings are on the upgrade.
Schulte Cigar St.	10.57	[5]	[6]8	129¼	96¾	116⅞	108	109	7.3	
Baldwin Loco. to	Nil	Nil	7	134⅜	104⅜	146	107	115	6.1	Outlook for Baldwin's business unsatisfactory. Sloss-Sheffield very low-cost producer of pig iron and dominates Southern market.
Sloss-Sheffield	10.47	12.00	6	84⅞	52	97	80¼	86	7.0	
Eastman Kodak to	8.26	9.00	[7]5	114⅞	104⅛	118	104⅞	108	4.6	Eastman likely to encounter severe competition in future. Famous Players has well-rounded organization, and earnings are increasing.
Famous Players	20.08	20.00	8	98½	61	108½	90¼	103	7.8	
Du Pont de Nemours to	12.45	[5]	10	142	112	182½	134¼	180	7.0	Rise in Du Pont has largely discounted favorable factors. Foundation Company rapidly expanding in foreign field, and earnings are increasing.
Foundation Company	13.44	20.00	8	94⅝	66½	122¼	89½	122	6.5	
Amer. Water Works to	2.75	3.00	1.20	41⅞	24½	68	34⅜	62	1.9	Amer. Water Works a strong company, but stock has already enjoyed a remarkable advance. Philadelphia Co. controls one of finest power plants in country.
Phila. Company	5.90	7.00	4	57½	42⅞	61⅜	51½	61	6.6	
United Cigars to	4.68	[5]	[8]3¼	[9]51⅝	42½	96	60¼	95	3.4	United Cigar Stores appears too high on earning power. Remington, under Winchell management, rapidly forging to the front. Common dividend soon.
Remington Typewriter	9.46	14.00	..	54½	32½	76⅞	46¾	75	..	
Pressed Steel Car to	2.43	[10]	..	62	39	69	45	50	..	Record of Pressed Steel Car unimpressive, and outlook uncertain. Gen. Amer. Tank one of best managed equipment companies. Future promising.
Gen'l Amer. Tank Car	5.62	[5]	3	53	35½	58½	44¾	46	6.5	
Maxwell Motors "A" to	17.10	60.00	8	84⅛	38	119½	107½	116	6.9	Maxwell Motors "A" selling high enough for a preferred automobile stock. Willys-Overland pfd. has 29¾% back dividends due.
Willys Overland Pfd.	9.46	80.00	7	88	61½	111	72¼	103	6.8	

[1]Plus 4% in stock payable 1% quarterly.
[2]Listed on New York Curb Market.
[3]Current earnings have not been at sufficient high rate to cover preferred dividend.
[4]Not including extra of $10 payable quarterly during 1925.
[5]Earnings should be larger this year, but no estimates available.
[6]Payable in preferred stock.
[7]Not including extras.
[8]Partly stock.
[9]Figure on new capitalization.
[10]Earnings will probably be less than in 1924.

What the News Means

– Timely and plain-spoken interpretations of the important financial happenings of the day –

Record Price—

—of $122,000 paid for a seat on the New York Stock Exchange is an indicator of the trend of affairs financial. In 1871 the highest price paid for a seat was $4,500. Individuals are not paying record prices for seats unless they are convinced that our present economic and financial activity has not passed its zenith.

American Agricultural Chemical

—plans to retire $5,000,000 first mortgage bonds which are not due until 1928. Money for redemption will come from the sale of a railroad and lands in Florida owned by American. This action, coupled with the fact that the company's earnings for the year ended June 30 last, totaled in the neighborhood of $10 a share on the preferred, paves the way for payments on the accumulated preferred dividends totaling approximately 25½%.

Twelve Billions—

—in foreign investments is the estimated total of American money abroad. This does not include Government wartime loans which total another 12 billions. Great as this amount may seem it should be remembered that before the war Great Britain's foreign investments were estimated at 20 billions. We are the world's greatest creditor nation today and should guard against being a reckless creditor. More and more foreign investments call for the acid test.

$250,000,000 Treasury Surplus

—is more than four times the total forecast last October. Whatever one's political opinions may be, it cannot be denied that President Coolidge's handling of our financial affairs, with the able assistance of the Secretary of the Treasury, has been masterful. Tangi-

IMPORTANT CHANGES IN CAPITALIZATION OF LEADING COMPANIES

Proposed Changes

AMERICAN EXCHANGE NATIONAL BANK.

Until July 28—Cap. Stockholders of record July 13 have right to subscribe to 1 sh. new Cap. Stk. for each 3⅓ shs. held.... $1,500,000
Aug. 1—To consolidate: with the PACIFIC BANK (now controlled by the AMERICAN EXCHANGE SECURITIES CORP.) under the name "AMERICAN EXCHANGE-PACIFIC NATIONAL BANK," through exchange of $1,000,000 new Cap. Stk. of the American for equal am't of Cap. Stk. of the Pacific.

AMERICAN INTERNATIONAL CORP. (See Pacific Mail Steamship Co.)

AMERICAN WATER WORKS & ELECTRIC CO., INC.

Until July 24—Holders of 6% Participating Pfd. have right to exchange each sh. for ½ sh. 7% Cum. 1st Pfd., ½ sh. Com. and $27 Cash $10,000,000
Aug. 24—To retire: at 105, Bal. of 6% Participating Pfd. not exchanged.

ANN ARBOR R. R. (See Wabash Ry. Co.)

BOSTON & MAINE R. R.

Before Oct. 1—To readjust capital structure: in accordance with plan made public Apr. 2 by general committee of bondholders & stockholders.

BUFFALO, ROCHESTER & PITTSBURGH RY. (See Delaware & Hudson Co.)

CERTAIN-TEED PRODUCTS CORP.

To sell: privately, at not less than $40, Add. Com. Stk..shs 150,000
To redeem: all 1st mtg. 6½s, '25-'43.... $7,760,000

CHILDS CO.

To pay: to Com. Stockholders a Div. of 1% in Com. Stk. on each of the following dates:—Oct. 1, Dec. 1.

DELAWARE & HUDSON CO.

To transfer: to separate Company its investments in coal properties, with book value of about.... $27,000,000
To lease: for 999 years, the BUFFALO, ROCHESTER & PITTSBURGH RY., at a rental sufficient to pay 6% on $16,500,000 outstanding Pfd. & Com. Stk. D. & H. is to pay all fixed charges and assume maturing debts.

DU PONT (E. I.) DE NEMOURS & CO., INC.

Aug. 10—To pay: to Com. Holders of record July 27 a Div. of 40% in Com. Stk.... $38,026,980
To sell: part of the $23,000,000 Pfd. Stk, of the MANAGERS' SECURITIES CO. now owned.... $ 8,000,000
Sept. 1—To redeem: at 106, all 10-yr. g. 7½s, '31.... $10,000,000

FAMOUS PLAYERS-LASKY CORP.

Until July 24—offers: to Com. Holders of record July 8 right to subscribe, at $90, to 1 sh. new Com. for each 2 shs. held. (To be issued as of Oct. 1)....shs 121,715

FISHER BODY OHIO CO. (Subsidiary of FISHER BODY CORP.)

Until Oct. 1—Will redeem: at 110, all 8% Cum. Pfd... $10,000,000

HOUSEHOLD PRODUCTS, INC.

To acquire: jointly with STERLING PRODUCTS, INC. (which owns 125,000 shs. of the 500,000 outstanding shs. of Household Products), the CALDWELL'S SYRUP PEPSIN CORP.
July 27—To increase: Auth. Cap. Stk. from 500,000 shs. to 575,000 shs.

ILLINOIS CENTRAL R. R. CO.

Plans to control: the VICKSBURG, SHREVEPORT & PACIFIC RY. CO. (with $4,999,300 Pfd. & Com. Stk. & $3,845,000 funded debt), and the ALABAMA & VICKSBURG RY. CO., through 250-Yr. leases. Lessee is to guarantee Int. & Divs. on outstanding securities of the two leased roads.

INTERNATIONAL PAPER CO.

Until Jan. 15, 1926—Holders of $25,000,000 6% Cum. Pfd. may exchange, sh. for sh., for an equal number of shs. of 7% Cum. Pfd., upon payment of $10 a sh. cash.

INTERNATIONAL SHOE CO.

To create: new issue of 6% Pfd. (Divs. payable monthly) $10,000,000
Dec. 1—To retire: at $115, all 8% Pfd.... $17,800,000
(Holders must indicate, before Sept. 1, whether they prefer to receive $115 cash, or ½ sh. new 6% Pfd. and $65 cash.)

KANSAS CITY SOUTHERN

To purchase: the LOUISIANA RY. & NAVIGATION CO., which operates 303 Mis. of Ry. from Shreveport to New Orleans & 27 Mis. from Aloha to Winnifield, La.

LACLEDE GAS LIGHT CO. OF ST. LOUIS

To issue: long term, 6% Notes.... $3,000,000

MARLAND OIL CO.

Until Aug. 10—J. P. MORGAN & CO. has option to purchase Add. Cap. Stk., at about $40 ....shs 155,000
By Dec. 31—Company hopes to redeem large part, if not all, of remainder of the $20,000,000 issue of 2-yr. 5% Notes, offered for it last year by J. P. MORGAN & CO. $16,000,000

MISSOURI PACIFIC R. R. CO.

Aug. 1—To redeem: at par, all 1st & rfndg. mtg. 5s, '26, Series "C" $0,044,000

MOTOR WHEEL CORP.

To issue: for cash, Add. Com. Stk....shs 60,542
Sept. 1—To redeem: all s. f., g. 6s, '33.... $1,405,500

MURRAY BODY CORP.

To pay: to Com. Holders a Div. of 1½% in Com. Stk. on each of the following dates:—Oct. 1, 1925 and Jan. 2, 1926.

NEW ORLEANS, TEXAS & MEXICO. RY. CO.

To acquire control: of the SAN ANTONIO, UVALDE & GULF, 318 Mis. long; and five other railroads—the SUGARLAND, ASHERTON & GULF, RIO GRANDE CITY, ASPHALT BELT and LIVE OAK PIPE LINE. Cost will be.... $4,700,000
Until June 30, 1926—Holders of 5% Income Bonds may exchange, par for par, for Series "B," 1st mtg. 5s, '54. (On July 1, $7,883,400, out of $13,500,000 originally outstanding, had already accepted this offer.)

NIAGARA FALLS POWER CO.; NIAGARA, LOCKPORT & ONTARIO POWER CO.; BUFFALO GENERAL ELECTRIC CO.; and TONAWANDA POWER CO.

Plan to centralize control in a new holding Co., the "BUFFALO, NIAGARA & EASTERN POWER CORP.," through exchange of stock.

NIAGARA, LOCKPORT & ONTARIO POWER CO.

Aug. 1—To redeem: at 110, all Series "A," rfndg. 6s, '58 $3,795,900

PACIFIC BANK (See American Exchange National Bank.)

PACIFIC MAIL STEAMSHIP CO.

To purchase: from W. R. GRACE & CO. $1,000,000 of its mtg. Bonds, and 150,000 shs. of its Cap. Stk. (par $5); for $450,000 cash and all of its remaining vessels,

(*Please turn to page 562*)

ble results such as the above and also the reduction in taxation, speak in tones louder than the loudest of the demagogues.

Oil Stock—

—in spite of the strong oil situation show sluggishness. Perhaps a case of what everyone expects to happen usually does not take place. Just as too many cooks spoil the broth so too many bulls spoil the market. But the element of value must, in the long run, assert itself. And in an instance like the present oil situation it happens usually about the time the rank and file has given up hope.

State Debts—

—have increased 50% in three years. The total, according to the Bank of America, now aggregates $1,558,742,-433 or $13.89 for every man, woman and child in the country. Such a huge increase must needs provide grounds for apprehension. There is a limit in municipal financing like every other kind of financing. Are we not approaching that limit?

Copper Metal—

—is having a slight reviving spell. Good demand has advanced the asking price to 14c. But copper fundamentals remain unchanged. There is too much production capacity in the world. Until more effective co-operation among producers is brought about, copper is likely to continue to enjoy the doubtful distinction of being one of the few commodities selling at pre-war levels.

High Banking Record—

—is held by the National City Bank which, on June 30 last, had assets totaling $1,154,730,000. This represents an increase of $12,000,000 in six months and $51,000,000 in a year's time. Thirty-one years ago National City's resources were $31,000,000 and in 1914 they were $353,000,000. The institution has nearly $100,000,000 in cash. Although receiving little publicity the growth of American banking has been as spectacular and as vital as any other class of enterprise in the country.

Eight Billions for Autos—

—is the total spent annually by Americans for the purchase and maintenance of automobiles according to the American Committee on Highway Transport at the conference of international Chambers of Commerce now in session at Brussels. It is of interest to speculate where this money would be spent if there were no automobiles. Railroad presidents reading the foregoing estimate can entertain themselves by figuring where their rail stocks would now be selling "ex-auto" competition.

Preferred Stocks

PREFERRED stocks continued to reflect the investment demand which has entered this section of the market due to the plentiful supply of money and the comparatively low yields obtainable from bonds. There were a number of substantial advances during the past two weeks. General Motors preferred advanced three points. Another good performer among the high grade stocks was American Smelting & Refining preferred, which sold at 111, up 2. Allis-Chalmers preferred and Armour & Company of Delaware preferred were also in demand at rising prices. The rail section showed up better than for some time. Western Pacific preferred, however, moved contrary to the general trend, with a loss of two points. Public utilities were quiet. There are a number of preferred stocks which we consider offer very attractive opportunities for the investor, not only in the way of income, but possibilities of enhancement in value of the principal invested.

A number of these are enumerated in the accompanying Preferred Stock Guide.

PREFERRED STOCK GUIDE

(LISTED IN ORDER OF PREFERENCE)

These Stocks Are Selected as Offering Best Opportunities in Their Respective Classes, Taking Into Consideration Assets, Earnings and Financial Condition of the Companies Named.

SOUND INVESTMENTS

	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Divid'd Earned
INDUSTRIALS:				
General Motors Corp....................(c)....	7	113	6.1	(y) 5.1
Cluett-Peabody & Co. ....(c)....	7	107	6.5	3.5
Loose-Wiles Biscuit Co. 1st............(c)....	7	110	6.4	2.5
Studebaker Corporation ....(c)....	7	118	5.9	20.0
Schulte Retail Stores Corp.............(c)....	8	111	7.2	(w) 10.0
Gimbel Brothers, Inc. ....(c)....	7	105	6.7	3.3
Baldwin Locomotive Works ....(c)....	7	111	6.3	3.2
Endicott-Johnson Corp. ....(c)....	7	113	6.1	4.5
American Smelting & Ref. Co............(c)....	7	111	6.3	1.7
American Steel Foundries ....(c)....	7	111	6.3	6.7
U. S. Industrial Alcohol Co............(c)....	7	114	6.1	5.2
Associated Dry Goods Co. 1st...........(c)....	6	99	6.0	4.0
PUBLIC UTILITIES:				
North American Co. ....(c)....	3	49	6.1	(w) 6.9
Philadelphia Company ....(c)....	3	48	6.2	5.6
RAILROADS:				
Chicago & Northwestern ....(c)....	7	109	6.4	....
New York, Chicago & St. Louis..........(c)....	6	92	6.5	(y) 3.7
Chesapeake & Ohio conv.................(c)....	6.50	108¼	6.0	9.0

MIDDLE GRADE INVESTMENTS

	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Divid'd Earned
INDUSTRIALS:				
Bush Terminal Buildings Co.............(c)....	7	99	7.0	1.1
Brown Shoe Co. ....(c)....	7	104	6.7	3.9
Cuban-American Sugar Co. ....(c)....	7	95½	7.3	7.5
American Ice Company ....(n-c)....	6	84	7.1	2.0
Armour & Co. of Del....................(c)....	7	97	7.2	(w) 2.3
Allis-Chalmers Mfg. Co. ....(c)....	7	107	6.5	2.8
Genl. American Tank Car Co.............(c)....	7	98½	7.0	4.0
Natl. Cloak & Suit Co. ....(c)....	7	102	6.8	4.5
PUBLIC UTILITIES:				
Radio Corp. of America A pfd...........(c)....	3.50	50	7.0	(w) 3.5
Amer. W. Wks. & Elec. Corp. 1st........(c)....	7	100	7.0	2.8
Metropolitan Edison ....(c)....	7	105	6.7	(w) 2.3
Public Service of N. J. ....(c)....	8	113	7.0	3.4
RAILROADS:				
Baltimore & Ohio ....(n-c)....	4	65	6.1	(y) 4.75
Bangor & Aroostook ....(c)....	7	92	7.6	2.5
Colorado & Southern 1st pfd............(n-c)....	4	62	6.5	7.5

SEMI-SPECULATIVE INVESTMENTS

	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Divid'd Earned
INDUSTRIALS:				
Famous Players-Lasky Corp. ....(c)....	8	117	6.8	(y) 6.5
Pure Oil Co. conv. pfd. ....(c)....	8	107	7.4	4.2
American Beet Sugar Co. ....(c)....	7	88	8.0	1.5
National Department Stores.............(c)....	7	99	7.0	4.0
Austin Nichols & Co.	7	92	7.6	1.8
Worthington Pump & Mfg. "A"............(c)....	7	82	8.6	2.0
Orpheum Circuit ....(c)....	8	101	7.9	(w) 3.2
International Paper Co. ....(c)....	7	90	7.7	1.75
PUBLIC UTILITIES:				
American & Foreign Power Corp..........(c)....	7	91	7.6	(w) 2.0
Hudson & Manhattan Ry..................(n-c)....	5	72	6.9	(x) 3.6

SPECULATIVE INVESTMENTS

	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Divid'd Earned
RAILROADS:				
Chicago, Rock Island & Pac.............(5-7%)....	7	93	7.5	(x) 1.35
Gulf, Mobile & Northern................(c)....	6	96	6.2	(x) 1.3
Western Pacific ....(c)....	6	89	6.7	(x) 1.0

(c) Cumulative. (n.c.) Non-Cumulative.
(w) Average for last two years.
(x) Average for last three years.
(y) Average for last four years.
† Average number times earned last five years.

Your Family's Future

WE should like to offer a tribute to the artist who created the above picture. Note how he has caught the inner meaning of The Family and how he has symbolized this meaning for us. This does not represent one family: it stands for all, yours and mine and the whole world's. This is the real meaning of life and everything else is subordinated to it: your job and mine and the whole world's, your money and mine and the whole world's. This is what we work for: this is what we save for. This indeed accounts for the whole reason of our existence.

To the breadwinner is entrusted the care and reponsibility of his family's future. Always, throwing a shadow over his path, however, stands Father Time who remorsely cancels his days and opportunities. The breadwinner's only weapon and defense is the willingness to make the most of his days and opportunities. Is he doing it? Has he done all he should to protect his beloved family? Has he provided for his children's wellbeing and their education so that they in turn may provide for their own families in time? Has he, too, made it possible for himself to enjoy his days, those of the present and those of the future?

What in short has he done to increase his income and investments? Has he carelessly frittered his chances away in futile pursuit of the non-attainable? Has he idly envied the rich while he himself has done little toward attaining that which he envies?

The pursuit of wealth in itself and for itself only is not dignified nor does it become intelligent human beings. It is only in what it may bring to us and our families that it commands any real importance. Nevertheless, it is a responsibility which we dare not shirk. Therefore, we must continue the grind and save what we may save, and continue thus to build our incomes.

Otherwise, the Family and the inspiring conception for which it stands, must fall and with it civilization itself.

A Home in the Country

How to Get One Comparatively Cheaply — If You Are Game!

By JASON THOMAS

(Photographs by Ewing Galloway, N. Y.)

A HOME in the country!

Some city-dwelling friends of mine have expressed a wish for such a home.

"Can't you find one for us?" they beseech. "One that is not too far away —and which could be bought cheaply?"

Yes—I could. More than one, in fact. I know where there are several such places, right now.

Yet I wouldn't think of recommending these places to my city friends. They either wouldn't appreciate what I was offering them—or they wouldn't be able to enjoy them.

You see, country homes that can be bought cheaply are not smart little suburban cottages—new, bright and shiny, and equipped with all the conveniences. They aren't located just around the corner from the New York, New Haven & Hartford railroad station.

Country homes *that can be bought cheaply* (note the qualifying clause) are generally well off the main road, and located midway between "towns" —or villages.

They are generally tumble-down and dilapidated in appearance, if not in fact.

They have no lawns, as the modern-day suburbanite recognizes lawns. Instead, they have front yards and back yards—both pretty well covered with underbrush and confusion.

The blinds are almost always hanging askew from their pegs. Like as not, missing window-panes are superseded by wads of dirty newspaper.

You enter the front door—which squeaks and groans in the process — and the first impression on your senses is the musty smell which goes with all old houses—a smell which always has something eerie and fascinating about it to me, but which would probably offend the delicate nostrils of my city friends.

If the place is inhabited, it will be abominably furnished. Whether or not inhabited, it will be dirty. There will be cracks in the plaster, here and there; as like as not, rat holes in plenty.

If you have the true eye and the true nose of the genuine home-maker, of course, these things won't bother you. Unlike my city friends, then, you will notice how substantial a foundation the old home sits upon; how large and cool the cellar is. You will notice, for all its weather-beating, how durable the sidewalls are. And, as you look out upon the yards, you don't see the messy tangle which actually exists there. Instead you will see the lovely, stretching lawn which was there once and will be —if *you* take charge—there once again. Nor will you smell decay. Instead, you will smell the roses, arbutus and honeysuckle which would grow and bloom so fragrantly—if you took hold.

I am surprised that more people don't yield to the fascination of the real country house, as I have described it above. The automobile long since made such places accessible. As for the financing:—

The financing, of course, must depend upon circumstances. Often, however, it will be attractively easy. There is the down payment of, sometimes, comparatively little cash; and a mortgage to be assumed. After that, much of what you pay will depend upon you —whether you consider your spare time more valuable than your money.

Restoring old houses, out in the country, you see, is not like settling a new home in the suburbs. Old clothes go with old houses, somehow; grimy hands with weather-beaten walls. Somehow, the thrill of making the place bloom and shine again gets into your blood; and you find yourself doing, for something less than half the money (once you have learned how) what you would otherwise pay someone else to do for you.

Friend wife—if she have a spark of artistry in her make-up—will be caught by the fascination of the thing, too. How could it be otherwise? To make an old home live again is more stirring, somehow, than to build a new home. . . . Perhaps that is because an old one suggests memories. . . .

The purely practical side of buying and re-creating old country homes is not something that can be covered here. Perhaps a few of the chief precautions may be pointed out, however:—

(1) Investigate your water supply. (2) Have a competent building man examine the structure for defects. (3) Be sure the windows are solid and your doorlocks sound.

What else is there? If the structure be sturdy and safe from the vagaries of nature and of man; if ample water be available for cleansing purposes: Surely, you yourself can provide all the rest.

And a year or so after you move in, if your courage and sticktoitiveness have not been lacking meanwhile, you will bless the day that brought you to this place. You will have—not a box in the suburbs, jammed in between the Jimsons and Jamesons; or a shelf in the city, surrounded by noise and dust: But a home—where charm is.

In this case the new owner found it necessary to practically rebuild the old house. The site was what made the great appeal

"A Province Conquered—"

Some Reasons Why Frederick's Peace-Time Achievements Would Be Difficult to Duplicate Along Financial Lines Today

By "L. L. P."

Whenever opportunity offered, BYFI has urged that Finance—if only in its rudiments—be taught in our schools.

Miss "L. L. P.," a teacher, doubts that the effort would be worth while. In an article which will repay a close reading by educators, as well as parents, she portrays some of the practical difficulties in the way.

FREDERICK THE GREAT is known for his career of military achievement,—the seizure of Silesia and the partition of Poland point to his ruthlessness in aggrandizement. Yet his story is not alone one of unscrupulousness. The Peace of Hubertsburg, in 1763, ended Frederick's participation in war. During the remaining twenty-three years of his reign, he was occupied in reconstruction. He built levees, drained swamps and reclaimed vast areas of good farming land. Forty-three villages, with 1200 families, were established on a single tract. "I have conquered a province in the midst of peace," said Frederick on beholding these results.

A province conquered in the midst of peace! What measure of application in this text for the readers of BYFI? What levees to be built? What province conquered?

Interpreted Financially

These questions, in THE MAGAZINE OF WALL STREET, can yield to but one interpretation,—the financial. Within that field, many answers are possible. Consider, for a moment, some of the articles that have appeared in the columns of BYFI within the last six months. *Should I Build—or Buy? Financial Independence at 30. Should a Young Man Speculate in Stocks? What Can I Spend on a Home? How Much Must You Know to Become Financially Independent?* These are material considerations. The discussion centers upon financial control and satisfaction. The levee to be built is one of financial education. The province to be conquered is the quite material one of financial independence.

Consider, too, Mr. Orville Brewer's discussion, "*Why I Believe Finance Should Be Taught in Our Public Schools*," and Mr. H. F. Love's article, "*How Finance is Taught in One Public School.*" The editors of BYFI themselves plead eloquently for investment courses in our schools. "*Young men and women*," they say, "*don't let people who ought to know better beguile you into thinking that high ideals, lofty sentiments, noble aspirations and all those jelly-mash intangibles . . . . are all that really count in after life. Leave your schools and enter the greater world beyond without these illusions . . . . and with a clear untrammeled perception of what it is you face. A world where two plus two makes four . . . .*"

The Worth of Materialism

There you have it,—the world of definite material values. Frederick the Great knew such a world well. He knew it in *extreme* terms of violated territories, in terms of contempt and intrigue and broken treaties. The rape of Silesia is a symbol of his understanding. Yet there was another Frederick,—a Frederick of high ideals and lofty sentiments. This Frederick, as a boy, loved art and literature and music; and as an old man, built levees, reclaimed land, established villages, and conquered a province in the midst of peace.

Here was his real achievement. Shall we measure it in terms of money added to the Prussian exchequer? Shall we measure it, in terms of two plus two, as an investment with a return in dollars and cents? Or shall we measure it in those larger spiritual values where two plus two sometimes equals five or ten or seventeen?

It is an old, old question. That the editors of BYFI, a department in a financial magazine, should stress the material good is to be expected. That they should plead for investment courses in our schools is to be expected. That they should seek to construct a levee of financial education against seas of ignorance is to be commended.

What would happen if such a levee were established in every high school in the land?

For a time there would be an apparently adequate protection against the bitterness of financial mistakes. The editors of BYFI would rejoice. The investment bankers of the country would rejoice. The home-builders and wage-earners of the nation would be happy. But such prosperity could never be anything but temporary and apparent. Happiness, prosperity, financial success and stability do not rest only upon the tangible things of life,—upon formulas, and technic, and material knowledge. They rest squarely upon the intangible things,—upon judgment which can not be measured; upon concentration which can not be calculated; upon character and integrity which can not be violated. Here, exactly in the measure of spiritual health, is your true prosperity. In the last analysis there can be no appeal to material welfare. "Wages won't satisfy, be they never so large. Nor houses; nor lands; nor coupons, though they fall thick as the leaves of autumn," says Calvin Coolidge.

The school, the church, and the home have each contributed their share to the spiritual poverty of the land. Each has in turn been impoverished and this poverty of spirit, this lack of faith in high ideals, has power to work havoc even in financial things.

Another Obstacle

Furthermore, not only the spiritual attitude, but the interlocking mental attitude as well is at fault. This is particularly true in our schools. Opinions prevail among school children which, if carried into the field of investing, home-building, and bread-winning, will sooner or later in some degree spell failure. "Once I get

The writer does not sign her name;—"It isn't that I lack the moral courage to stand back of what I have written," she says. "It merely seems to me: Unsigned, the article is a possible challenge to every school. Signed, it would shrink a bit—and give your schoolman elsewhere a chance to say, 'Interesting—but local. *Nothing like that ever happens in* my *school'!"*

through this old school," says Johnny, "believe me nobody'll ever get me to do any studying again."

Johnny's friends are equally eloquent and sure of themselves. "Cheating's all right,—if you can get away with it. Everybody cheats anyway," says Louie, and Louie may have visions of financial independence at thirty. Bob has a different theory of success. "What's the use of working? Bluff your way through,—that's my motto." Who knows—perhaps Bob may some day build or buy? And Peter, a future bread-winner, sighs and says, "Just my luck! I always get called on for something I don't know."

To such as these, the editors of BYFI would give their own commencement address. To Peter and his tribe, the editors would say, "Don't let people . . . . beguile you into thinking that high ideals, ... and all those jelly-mash intangibles . . . . are all that really count."

This leads to a question which, for the moment, seems to cast disparagement upon the editors of BYFI. Are high ideals an encumbrance in this matter-of-fact world where two plus two make four? The answer is no. But it is wrong to take the name of a high ideal in vain. To do so, to be content with mere lip service, with oratorical bombast, is to degrade ideals to the level of jelly-mash intangibles. That is wrong. Yet it is being done constantly.

Schoolmen are notoriously evil doers in this respect. Your superintendent of schools, from the platform, will plead for ethical conduct. In his office, he frequently does the unethical thing. From the platform, he will plead for straightforwardness and directness. In his office, he straddles the fence, hopelessly evasive, afraid to say a plain yes or no. From the platform, he claims that

This air that strikes his forehead is not air
But vision.

In his office, the air that blows is but a gusty draft of indecision.

I was once a member of a committee appointed by the superintendent of schools, to consider whether or not the senior play should be repeated. It was largely, though not entirely, a financial problem. We met in the superintendent's office; he himself was chairman. The other members of the committee were officers of the senior class. For almost an hour the superintendent wavered in his decision. Finally he said, "Miss Blank, just what would the expenses be if we repeat this play?"

I answered, "Twenty-five dollars for the theater, twenty-five for the author's royalty. . . ."

"Twenty-five dollars for royalty?" he asked, interrupting me.

I nodded.

"Well," he said, "isn't there some way we can evade payment of the royalty?"

Get rid of that fine sounding phrase, evade payment; put the question in plain terms, and you have a question that reads like this: Isn't there some way we can steal twenty-five dollars from the author? Isn't there some way we can cheat the author? And remember that high school students were present when that question was asked! "Cheating's all right," says Louie, "if you can get away with it. Everybody cheats anyway."

Other examples, showing a similar lack of moral stamina, could be given. Superintendents sometimes recommend incompetent teachers highly in order to be rid of them. Superintendents sometimes forsake one church for another, if members of the school board belong to the other. Superintendents sometimes issue orders for special examinations to football players who happen to be ineligible. I know of one player who was unable to establish his eligibility until he made out his own examinations questions! "We must keep the boy in school *at all costs*," said the superintendent.

Passing the Athletes

The average schoolman, notwithstanding such peccadillos of policy, looks upon himself as a leader of community thought. In reality he is, ordinarily, a mere copyist, a nimble phrase-imitator. He is an insignificant Candide: his school is the best of all possible schools. The school is a "factory." The graduates are the "output." Failures are a "liability." Winning teams are an "asset." Parents and taxpayers are the "stockholders." Advertising is "good business." American Education Week pays in "untold dividends." Money is loquacious, and the schoolman is quick to appropriate the tools of easy eloquence to his own use.

Into this best of all possible schools, comes the new instructor, Mr. Biffy, instructor in finance. He is filled with honest enthusiasm. He knows that what he has to teach about earning and spending, saving and investing is sound and practical. Louie, Johnny, Bob, and Peter elect the course.

"Any old thing for a change," says Bob. "Besides there's only one other course we could take . . . . civics to Miss Smith, and you know how that old hen makes you work." This is on Monday.

Tuesday, after school, there is a teachers' meeting. Miss Jones reports that she has forty-five in history. Mr. Biffy reports a very slight enrollment in finance, only ten in the first hour class, and twelve in the second.

"Well, well," says the principal.

(*Please turn to page* 569)

What Kind—How Much—Why?

Readers' Insurance Problems Analyzed and Answered

By FLORENCE PROVOST CLARENDON

One of the biggest files in The Magazine office is that devoted to questions and answers on Life Insurance—the questions from our readers, the answers by Mrs. Clarendon.

It would be difficult to find a constructive work more warmly appreciated by those in whose behalf it is done.

FOR A RESIDENT IN MEXICO

Seeks Information Covering All Phases of Life Insurance

As a Subscriber that I am and have been for several years of your valuable publication, THE MAGAZINE OF WALL STREET, *I will now take the liberty of asking several questions on insurance problems, as follows:*

Are the Reliance Insurance of Pittsburgh, Pa. and the Lincoln Life Insurance Co., entirely reliable and worthy of confidence? Which is the strongest? (I do not remember the address of the second named Company, but you undoubtedly know it.)

Do any of the old-line Insurance Companies insure residents of Mexico, and if so which? If any do, how should I proceed to arrange the insurance with them?

Have the two companies named in the first paragraph, and in general most of the others, special policies with extra premiums for insurance prospects whose physical conditions is not up to the standards required?

Where can I get information as to the different forms of policies, and the premiums for each, so I can leisurely read complete details of each form of policy? What would I have to pay for different periods or for life? What is the cost of policies payable in annuities distributed monthly?

How could I provide for the education of my children, etc., etc.? I would gladly buy such a book if there is one, as with it I would be well informed and would be in a better position to decide what kind of insurance would be most suitable for me.

My age is 38 years, I am married and have four children.—C. P., Monclova, Coah, Mexico.

So far as I am aware, the Confederation Life Insurance Company of Toronto, Canada, is the only foreign life company now actively represented in Mexico, although some of the other companies may write an occasional case by mail. The most satisfactory method of obtaining literature, with rates, policy plans, etc., from the company is by writing direct to their Home Office. In all probability native residents in Mexico would come under the "semi-tropical" class which calls for a higher premium rate than the normal.

Some occupations entail greater hazard to life and health, and certain physical impairments, while not always serious enough to prevent the applicant from obtaining life insurance, are sufficient to place him in what is known as the "sub-standard" class. Some life insurance companies do not accept applications of this type; those companies that do accept them impose a higher premium rate, and confine the protection to certain policy forms. In considering such types of risk, it is necessary to have detailed information regarding the applicant's health, family history, occupation, etc., before a decision can be reached as to the issuing of insurance on his life.

Information as to the policy forms and premium rates of the various Old Line companies operating in this country can be obtained from several publications, among the best known being "Best's Life Insurance Reports," published by Alfred M. Best Company, 75 Fulton Street, N. Y. City, and "The Handy Guide," published by The Spectator Company, 135 William Street, N. Y. City.

We prefer to abstain from giving preferential advice as between two Old Line life insurance companies, as requested by you. Moreover, there are four companies operating in this country which bear the name of "Lincoln" so—as you do not know the location of the home office of the particular one to which you refer—we do not know which company you have in mind.

A YOUNG WOMAN'S POLICY

Which Would Be Best, in the Absence of Dependents?

I have been reading your department in THE MAGAZINE OF WALL STREET *for over a year and I am taking the liberty of writing to you for advice and information.*

I am 27 years old, with no one dependent on me. My mother has urged me for several years to take out some insurance in order to have a sum of money coming due when I am in middle age. Frankly, I hesitate to put aside money at a low rate of interest when I find no difficulty in making myself save anyway. I have always felt that insurance was for those who had some one dependent upon them or for those who needed some one to force them to put away money.

I will be able to set aside a thousand dollars a year for this purpose, if you think insurance is advisable for me.

Will you suggest two or three companies with whom I can communicate regarding the subject? Do you recommend Postal Life? I have received some of their literature but find their rates for women are higher than those for men. Is this customary? Do companies insure men or women over fifty years of age? The rate would be extremely high, I suppose.—(Miss) N. M. D., New York City.

Theoretically, you are correct in stating that life insurance is "for those who have some one dependent upon them or for those who need some one to force them to put away money." A young woman of your age, however, who will consistently build up a future

(*Please turn to page* 592)

BYFI'S

Recommendations Table

(For Small Investors)

$100 Bonds		Recent Price	Yield to Maturity
St. L. & S. F. R. R. prior lien 4s, '50		77	5.75
Laclede Gas 5½s, '53		100⅝	5.45
U. S. Rubber 5s, '47		90¼	5.80
Preferred Stocks	**Per Share Dividend Rate**	**Recent Price**	**Yield**
Cluett Peabody	7	107	6.55
American Ice	6	85	7.05
American Smelting	7	111	6.30
Radio Corp.	3½	50	7.00
Schulte Ret. St.	8	111	7.20
Common Stocks	**Per Share Dividend Rate**	**Recent Price**	**Yield**
American Tel. & Tel.	$9	141	6.38

How I Am Making My Million

Progress, Month by Month Toward a Fortune and Independence

By A. M. McMAHAN, M. D.

After I had finished Medical School I had degrees from two different Universities, had a license from each of three different states entitling me to practice medicine therein, and also had an empty pocket —very empty. I had been well grounded in the science of my life's work and had been told something of how to make money, but had never received five minutes instruction on what to do with the money after I had gotten it. That part of the game didn't interest me, however, because I was solely interested in *getting* the money. The only way that I knew money could be invested was in property, real estate especially. The only thing that kept me out of the hands of the "get-rich-quick" promoters was the fact that I had no money for them.

By the time I had accumulated any money the World War broke loose, and with it the Liberty Bond drives. When the second drive came around I put my whole $700 into it through blind faith in my government. When the third came around I had a thousand ready and in it went. I was a Democrat and thought Woodrow Wilson and his government and plans were about as near perfect as anything could be. When the fourth drive came around I was in the army, but my wife put our spare money into this and into War Savings Stamps.

After the war was over I returned to my little village to continue my practice. But the war with its drives had started the safety bug buzzing in my bonnet. I had never heard of it before. It started me to thinking. What about the safety of my invested money? In this frame of mind it was easy for me to stumble on to various bits of literature on the subject. I continued to buy Liberty Bonds, and study safety. I bought the bonds as low as 84. I am still studying safety. It is the biggest problem that confronts me in investing.

In late 1920 when times began to pinch I could see tough going ahead for my community and prepared to "switch." I had been planning on specializing for some time and decided that now was a good time. Collections would be bad for some time anyway. So in 1921 I sold out my practice, moved to Chicago and began my special study. Sooner than I realized it I was back in Oklahoma and located in a larger town with a larger income. By keeping my eyes open I have had little experience with the "hard times" following the war.

Soon my government certificates and Victory Bonds were maturing. Some of these I had bought below par. And my Liberty Bonds advanced in price until I was able to exchange them at par for, what I considered, sound real estate mortgage bonds bearing from 6% to 7% interest. I have purposely leaned toward long term bonds thereby trying to work in harmony with fundamental conditions. As time went on I bought more real estate mortgage bonds. Some of these on property in the South, some on the Pacific coast, some in my own state, a larger bunch on Chicago property and the largest bunch on Washington, D. C., property. Also I bought five shares of Southwestern Bell Telephone preferred stock, par value $100, yielding 7% interest. The last quotation I saw on this it had materially advanced in price. I also bought $2,700 worth of 7½% industrial bonds that are classed as speculative by The Magazine of Wall Street. I bought some of these at 98½ when they first came out, and continued to buy them on the road down until one year ago I bought my largest commitment at 89.85. I sold the whole bunch a few days ago at 97½ and at a total profit of approximately $131. However, this deal is not to be imitated as "averaging-down" is not considered good business. During the last few months I have been buying Building & Loan stock because it seems safe, bears a good rate of interest and this income up to a certain point is free from Federal Income Tax. I am not buying anything now, but am putting my money where I can get my hands on it later "when the market goes down"— probably within the next year or two.

Oh yes, that Million. I had about forgotten it. But if you have followed me closely you should be able to discover the million. To save you the figures, however, here it is: I am 37 years old and have reasonably good health. I have $18,000 in good sound securities yielding a little better than 7%. Let us take 7% as a basis for computing. Money at 7% compound semi-annually doubles itself in a little over ten years. Then when I am 47 years old my $18,000 will have become $36,000, at 57 it will have increased to $72,000, at 67 to $144,000 and at 77 to $288,000. That's old enough. No million in sight yet, you say. No. but listen: I am still earning. This year I have saved over $5,000. That is enough to carry me over the top. It is too much. Suppose I save in the future an average of only $300 a month or $3,600 a year. If this is regularly put to work at 7% interest in ten years it will amount to $53,565. In twenty years $160,182, in thirty years $372,243. I will then be 67 years old. Although I am a doctor and should be going strong at that age suppose I just quit. Towns used to retire their old fire horses to green pastures for faithful service and why should I

(*Please turn to page* 573)

Petroleum

Nine Lesser Standard Oils of Merit

Sound Standard Oil Issues with Attractive Prospects But Which Receive Little Publicity—Their Investment Ratings

IN considering the various companies which resulted from the breaking up of the former Standard Oil Co. of New Jersey, one is apt to forget that the number of offspring resulting from that dissolution in 1911, totals forty-five. The leading companies, such as Standard of New Jersey, Standard of Indiana, Prairie Oil & Gas, etc. receive considerable attention in the public prints, but there are a number of lesser Standards about which little is said but which possess much merit and at times afford excellent investment opportunities.

This article discusses nine of those lesser Standard Oil companies. All of them are "old-line" concerns, firmly established and seasoned. They pay dividends and like most of the Standards, sell in the open market on a small income-return basis. In times past, most of them have paid handsome stock dividends and the time will undoubtedly come again in the not very distant future when further stock dividends will be in order. The purchaser of a first-grade Standard must resolve to forego a large income return for the time being until the time arrives when extras or stock dividends more than make up for the smaller immediate return. Over a period of time, the history of the Standards has been that they have richly rewarded patient holders of their stocks. There is no reason why history should not repeat, although it must be remembered that the oil industry is more diversified and competitive than a quarter of a century ago and that it is not likely that the Standard Oils will soon pay such bonanzas as marked the year 1922.

BORNE, SCRYMSER CO.

The Borne, Scrymser Co. was incorporated March 15, 1893, under the laws of New Jersey. When the Standard of New Jersey was dissolved the $200,000 capital stock of Borne, Scrymser was distributed to the stockholders of the former company. It was not until 1922 that the company increased its capitalization to $1,000,000 by the payment of a 400% stock dividend. This company is one of the smallest of the Standards and is engaged in the manufacture and marketing of lubricating oils with a plant at Elizabeth, N. J. Following the dissolution the company paid 20% annually on its old stock to and including 1921. In 1922, Borne, Scrymser paid 35% in cash, including 15% extra and the 400% stock dividend already mentioned. In the last two years, dividends have been at the rate of 12% annually with no great amount between the amounts earned and the amounts paid. The issue is not actively traded in and makes an unusually high return for a Standard Oil. The reason is that the business of the company is very stable and without the prospects for occasional large profits such as other oil companies enjoy. Borne, Scrymser does not seem to be in a position to increase its dividend rate at the present time. As a sound Standard Oil company returning nearly 6% on the investment it may have an appeal for some, but it appears to the writer that there are other equally sound Standard Oil companies with more promising prospects although with smaller immediate returns.

HUMBLE OIL & REFINING

Standard of New Jersey owns ap-

Statistical Comparison of Nine

Company	Business	Outstanding Capitalization		Par	Range of Stock 1923 H.	1923 L.	1924 H.	1924 L.	(1)1925 H.	(1)1925 L.
Borne Scrymser	Manufacturing	Stock	$1,000,000	100	153	110	264	150	240	205
Chesebrough Mfg. Con.	Manufacturing	Pfd.	1,000,000	100	...	...	...	...	...	...
		Com.	3,000,000	25	240	205	(2)430	234	70	48¼
Galena-Signal	Manufacturing	Funded debt	7,619,700	...	...	...	...	...	...	...
		Pfd.	2,000,000	100	...	...	...	...	...	...
		New pfd.	4,000,000	100	...	...	...	...	...	...
		Com.	16,000,000	100	78	55	69½	52⅛	65	53
Humble Oil & Ref. (Controlled by Standard of N. J.)	Complete unit	Funded debt	25,000,000	...	...	...	...	...	...	...
		Stock	43,750,000	25	41	28	43¾	34½	72¾	42¼
Magnolia Pet. Co. (Controlled by Standard of N. Y.)	Complete unit	Funded debt	8,501,000	...	...	...	...	...	...	...
		Stock	180,247,100	100	166	123	160	122	159	131
Ohio Oil	Producing	Funded debt	267,000	...	...	...	...	...	...	...
		Stock	60,000,000	25	85¾	48¾	79½	55	75¼	62¼
Solar Refining	Refining	Stock	4,000,000	100	212	161	225	170	259	200
Standard of Ky.	Refining and Marketing	Stock	16,864,434	25	110½	76	121½	101	126	114¼
Vacuum Oil	Refining and Marketing	Funded debt	16,100,000	...	...	...	...	...	...	...
		Stock	61,919,950	25	58	40	83½	56½	96¼	80⅛

(1) To July 1, 1925; (2) 100% stock dividend declared and par reduced from $100 to $25; (3) On old stock; (4) On new $120,000,000 to $180,000,000 in 1922; (7) Irregular. Paid 1% cash and 2% stock this year to date; (8) Stock increased from regular, $5 paid this year to date; (11) Including 10% extra. Stock dividend of 300% declared in 1922; (12) Including 2%

proximately 75% of the stock of the Humble Oil & Refining Co. and it was recently rumored that an offer of exchange for the balance would be made on the basis of two shares of New Jersey for one share of Humble. The market action of the two stocks do not confirm that rumor. Since New Jersey obtained control of Humble about five years ago approximately $100,000,000 have been expended on Humble. As a result, Humble's production today is about 60,000 bbls. per diem as compared with 16,000 bbls. daily in 1919.

Humble has a funded debt of $25,000,000 and $43,750,000 outstanding of $25 par stock. From deficits in 1921 and 1922 the company showed $2.89 earned in 1923 and approximately double that amount in 1924. The stock, which formerly sold in the 40s has advanced this year to better than 70 a share. Humble made the best report of any of the Standard Oil companies last year and is reported to be earning between $10 and $15 a share this year. The company is a complete unit and with the backing of the Standard of New Jersey is entitled to an excellent investment rating. Large earnings in conjunction with the low return on the issue indicate that Humble is approaching the time when the stockholders may expect something in the way of extra or increased dividends. The issue has attractive speculative possibilities over a period of time.

GALENA-SIGNAL OIL CO.

This is another concern which clings to the moth-eaten theory that only the "insiders" are entitled to know how much money a company makes each year. While such a policy may be satisfactory and perhaps profitable, to the insider, it belongs to an age and a creed out-worn. Apparently the last two years have not been signally successful since total assets and surplus have shown slight declines and working capital as of December 31 last totaled approximately $13,000,000 compared with more than $17,000,000 at the end of 1922.

This company directly or through constituent companies, manufactures a complete line of lubricating and signal oil and greases and a large percentage of the steam railroad mileage of the United States is lubricated by Galena oils, under contract.

Galena has a small funded debt and two issues of preferred stocks. There is $2,000,000 of 8% cumulative "old" preferred stock and $4,000,000 8% cumulative "new" preferred. The issues have preference in the order named as to dividends and assets. There is an authorized issue of $22,000,000 common, $16,000,000 outstanding.

As the income return on the stock indicates, Galena-Signal common is somewhat more speculative than others of the lesser Standard Oils but the company has been in business a quarter of a century and has been a good earner and payer of dividends. The financial position of the company is excellent as it has in cash and investments more than the total of quick liabilities. The company has net tangible assets of approximately $66 a share and intangible assets of about $43 per share. The issue is an attractive business man's investment.

OHIO OIL CO.

This concern is another former Standard subsidiary which has come along rapidly. It is one of the largest producers of crude oil being actively engaged in oil field developments in ten states. It is also the second largest marketer of crude petroleum in the country. Ohio has an insignificant funded debt and $60,000,000 authorized and outstanding stock, par $25.

Unfortunately, this company is one of the few remaining which adhere to the antediluvian policy of publishing balance sheets only, but its growth and success may be adjudged from the accumulated profits reinvested in the company and its unbroken record of dividend payments from 1912 to date. Regular dividends were paid every year to 1922 together with extras of varying amounts. In 1922, a 300% stock dividend was declared. Last year the company paid $1.50 in dividends and this year the rate was increased to $2 per annum. In 1924, the company went into the refining field by the purchase of the Lincoln Oil & Refining Co. Working capital on December 31 last totaled nearly $63,000,000 and the ratio of quick assets to quick liabilities was 17 to 1. Ohio is in excellent position to take advantage of the good oil markets of the current year and its stock is an attractive low-yield investment for the long pull.

CHESEBROUGH MANUFACTURING

This concern's story is somewhat similar to that of Borne, Scrymser. It was incorporated in 1880 under the laws of New York and, at the time of the dissolution, its majority stock, which was owned by the Standard of New Jersey, was distributed to the stockholders of the latter company. Chesebrough is also a manufacturing company and one or more of its products is

(*Please turn to page* 579)

of the Lesser Standard Oils

Earned on Common 1922	1923	1924	Paid per share 1922	1923	1924	Recent price	Dividend rate	Income return %	
Not reported	13.11	14.77	$35.00	$12.00	$12.00	207	$12.00	5.7	*Borne Scrymser*
61.21	Not reported		14.00	17.50	(3) 3.50 (4) 1.87	... 65	.... 2.50	.. 3.8	*Chesebrough Mfg. Con.*
Earnings not reported			1.00	4.00	4.00	54	4.00	7.4	*Galena-Signal*
def.	2.89	5.62	8.00	(5)1.20	1.20	69	1.20	1.7	*Humble Oil & Ref.*
3.59	4.50	4.69	6.00	(6)4.50	4.00	147	(7)	..	*Magnolia Pet. Co.*
Earnings not reported			10.00	(8)2.25	1.50	69	2.00	2.8	*Ohio Oil*
21.98	12.41	17.12	15.00	(9)10.00	15.00	230	(10)	..	*Solar Refining*
6.67	8.22	7.08	(3)5.00 (4)8.50	.... 4.00	.... 4.00	... 123	... 4.00	.. 3.2	*Standard of Kentucky*
(3)90.67	(4)5.42	7.04	(11)16.00	(12) 2.50	(13) 3.75	89	4.00	4.4	*Vacuum Oil*

stock; (5) Stock increased from $25,000,000 to $43,750,000 and par reduced from $100 to $25; (6) Stock increased from $15,000,000 to $60,000,000 in 1922 by 300% stock dividend; (9) Stock Increased from $2,000,000 ot $4,000,000 in 1922; (10) Ir- extra; (13) Including 7% extra.

SERVICE SECTION

ANSWERS TO INQUIRIES

SUBSCRIBERS—ATTENTION

The inquiry Department enables you to adapt THE MAGAZINE OF WALL STREET to your personal problems. As a yearly subscriber, you are entitled to receive FREE OF CHARGE a reasonable number of PERSONAL REPLIES BY MAIL OR WIRE on any security in which you may be interested. The inquiries presented in each issue are only a few of the thousands received—43,000 in 1923. The use of this personal inquiry service in conjunction with the Magazine should help you to get hundreds or thousands of dollars of value from your $7.50 subscription.

NEW HAVEN

Consistent Improvement in Earnings

I have been a stockholder of New Haven for several years, having bought the stock around 18, and I have of course a profit on it, which will more that compensate me for the fact that the investment has brought me no dividend return. The manner in which the stock has apparenty marked time has caused me to consider selling the stock. What is your opinion?—J. J. S., Utica, New York.

Although you have a substantial profit in your New Haven stock, we believe you are justified in continuing to hold it for still higher prices. For the past year, earnings have shown consistent gains due in large part to the fact that the management has been able to reduce the operating ratio. While it is true that the road has lost some business due to the competition of motor trucks, the company is meeting this competition by operating its own motor service. There is also the possibility of New Haven being linked up with other roads in a new and larger system and should this take place it is probable that stockholders would receive terms that would make the stock more valuable than current prices.

MIDDLE STATES OIL

Outlook for Shareholders

I see that the reorganization committee believes that Middle States Oil can be saved and the stockholders put in position where their holdings will ultimately be worth considerable money to them.

I was about to sell out my stock and take my loss but I prefer now to know your opinion as to the action I should take.—L. G. B., Detroit, Mich.

In a preliminary report to Federal Judge Knox, receivers of Middle States Oil stated that the company could be reorganized "on a basis favorable to creditors and stockholders." While this is an encouraging statement it should not be construed, in our opinion, as indicating any immediate important appreciation in the value of the stock. The fact should not be lost sight of that claims against Middle States Oil total about $8,000,000 and that in order to place the company on a sound financial footing it will be necessary to raise considerable cash, to which stockholders will be obliged to contribute in order to retain their interest. Properties controlled by Middle States Oil, according to the receivers have 150 producing leases with more than 700 producing wells having an approximate daily output of 4,400 barrels. It is quite possible that if the company is placed on its feet financially and is given good management, a satisfactory earning power will be developed. At best it is a very long pull proposition for shareholders and we believe that better immediate profits are available in the stocks of strong oil organizations such as Phillips Petroleum, Texas Company and Standard Oil of New Jersey.

UNION TANK CAR

Large Surplus Accumulated

Why is Union Tank Car, paying only 5 per cent a year, selling around 130? Do you think the dividend is likely to be increased to a level which would justify such a price, or is there some sort of a melon in preparation such as the 50 per cent stock dividend in 1922?—E. C. M., Newark, N. J.

Union Tank Car owns upward of 33,000 cars in which it transports most of the refined oils of the various Standard Oil Companies, and in addition carries crude from fields not accessible to pipe lines. Earnings for the past three years have averaged $15 a share per annum on the stock and in view of the conservative dividend policy this has resulted in the accumulation of a large profit and loss surplus which at the close of 1924 amounted to 13.7 millions. As the company is in strong financial condition, the management is obviously in a position to increase the present rate of 5% on the stock or declare a substantial stock dividend. The recent advance in the price of the stock is probably discounting some such development. While this is undoubtedly a strong company it is our opinion that at present levels of around 135 the stock has largely discounted the favorable factors in the situation and is no longer an outstanding opportunity. If you hold the stock, we believe a good switch would be into International Harvester which also pays 5% and is selling around 110. Due to improved conditions in farming communities Harvester earnings are now on the upgrade and shareholders can confidently look forward to more generous treatment.

CONSOLIDATED CIGAR

Dividend Outlook

What is the outlook for dividends on Consolidated Cigar? I have held this stock for several years in expectation that it would pay a dividend and that the company will clear off the arrearages on the preferred stocks. I thank you in advance for your opinion which has always been a profitable guide for me in my market operations.—E. A. S., Boston, Mass.

Consolidated Cigar Corporation has made considerable progress this year. Earnings for the first four months were at the rate of $6 per share per annum whereas in the same period last year earnings were at the rate of $3.60 per share per annum. Moreover, the company is now in reasonably sound financial condition. On May 2nd, current assets were 9.8 millions against current liabilities of only 1.7 millions. Under the circumstances it appears probable that the management will see its way clear to pay off the 3½% back dividends due on the preferred stock this year. We do not consider it likely, however, that dividends on the common will receive serious consideration until next year and then only if business is maintained at the present satisfactory rate. The common stock must be classed as a highly

(Please turn to page 567)

We invite correspondence from readers desirous of ascertaining the status of brokers with whom they intend to do business. We make n coharge for this service, as we recognize the importance of having our readers buy and sell their securities through reliable firms.

School for Traders & Investors

Sixtieth Lesson

On Being Right Too Soon

Certain Fallacies That May Prove Costly to the Unsophisticated Chart Reader.

Premature purchase or sale of stocks can cause the inexperienced speculator ugly losses. He may be right on the long pull but if he makes his commitment too soon, particularly when not too well fortified with sufficient cash to sustain brokerage demands, he may find himself in the unenviable position of taking his loss first and then seeing his stock proceed along the lines which he originally expected. This article gives some very helpful pointers on the subject and is well worth reading by amateur speculators and others.

IT is often said that over 95% of the speculators who enter the stock market lose their money within a short time. This applies not only to those who attempt to trade on tips, but also to those who think they are using most scientific and up-to-date methods in reaching their conclusions.

For example, let us consider the ordinary unsophisticated chart reader, and the manner in which he probably approaches his problem. A chart of the average price of a large number of active stocks, over a period of several years, will indicate when the market is relatively high or low, but it will not at any particular time show that the market is at the top or at the bottom.

The ordinary chart is a record of past history. It shows when a stock has been in an upward trend, when it has been declining, and when it has been fluctuating within a narrow trading range, or moving approximately in a horizontal direction. It does not indicate to everyone just what the stock is likely to do next, but it may offer, to those who are experienced in its interpretation, a significant suggestion as to the probable subsequent trend.

If the average market is at a relatively high level, and the particular stock under investigation is selling at a level which compares with its previously established record prices, and the price fails to make further progress after a substantial and rapid advance, it is probable that a reversal in price trend is approaching. The chart reader observes this indication, and he may jump to the conclusion that the stock is a good short sale. What he usually fails to consider at this point is that hundreds of other chart readers may have reached the same conclusion at about the same time. Others who may believe the stock is worth more, are willing to buy it at the market, or on a small recession, or on the first indication of a further advance. This naturally is an important consideration.

Of those who are willing to sell the stock short, some have sold with a two-point stop, others with a three-point stop, still others with a five-point stop, some with a stop at what they consider a "critical" level, and finally those who sell without any stop-loss protection on the present assumption that they will be willing to "ride through" any ordinary bulge that is likely to take place from current levels. All of these short sellers are potential buyers, and many of their bids are already placed at various levels above the market. This immediate situation means that the stock which appears to be turning heavy, according to the chart, is actually in a strong technical position.

Therefore, our trader's position may be premature. At this typical juncture his chances of loss are much greater than his chances for profit. If the stock in question has investment quality, or if the market is comparatively thin and the floating supply is small, or if the outlook for earnings is better than under similar previous conditions, or if certain interests are likely to desire control by purchasing stock in the open market, or if a pool is interested in manipulating the stock, or if other factors are about to operate in favor of higher prices, the unfavorable chances involved in the short position are multiplied.

Suppose our stock has worked out of its trading zone and has just entered new high ground. If it jumps ahead ten points and then hesitates, our bearish trader sometimes thinks it is ready to be sold again. This impulse may again be wrong, because it may overlook the fact that owing to considerable absorption of offerings in the recent trading zone, the floating supply may have become much thinner for the time being, and the technical position actually strengthened, in spite of the contrary indication offered by the uninterpreted chart.

When is it safe to sell? A chart alone will seldom give a decisive answer to this question. However, after the chart shows that the stock has made repeated unsuccessful efforts to advance into new high ground, and also shows that new weakness has developed during several consecutive reactions, then it may be logical to take a short position on a subsequent rally that fails to hold its ground.

The point we wish to make is that when the market appears to be relatively high, there is danger of taking a short position too soon, not only once, but several times before the price structure is actually ready to give way. It is safer to await ample confirmation of weakness before taking a short position, even if the profit secured is far short of the theoretical 100%.

If the above general reasoning is completely reversed, we have a picture of the corresponding situation near the bottom of the market, when amateur traders are trying to determine when to begin to accumulate stocks. It should be remembered that if a trader can be "burned" by a premature short position during the fireworks at the top of a bull market, it is equally probable that at the other end of the scale his financial vitality may be lowered by a series of sinking spells which are often preliminary to a genuine recovery.

Trade Tendencies

Business Yields to Summer Dullness

Underlying Conditions Sound — Price Situation Generally Firm

STEEL

Conditions Stabilized

THE advantage in the steel market remains with buyers but it is doubtful that this condition will obtain for many more weeks. Production has been scaled down gradually to the point where stocks are no longer in danger of increasing at the producer's expense. It is possible that some further recessions will be seen in respect to operating schedules in the near future. It is not anticipated, however, that the industry will return to a condition of curtailment approaching that of last summer.

Buying, though conservative to a marked degree, is nevertheless large enough to sustain output at or close to the current level. The railroads are not especially active in the steel market but demand from the oil and building industries reflects favorable conditions in those fields. The farm implement makers are probably the most conspicuous single class of dependable consumers at present due to the brightening outlook for this industry.

(*Please turn to page* 594)

COMMODITIES*

(See Footnote for Grades and Unit of Measure)

	1925 High	1925 Low	*Last
Steel (1)	$38.00	$35.00	$35.00
Pig Iron (2)	22.00	18.00	18.50
Copper (3)	0.15¼	0.13¼	0.14
Petroleum (4)	3.80	3.00	3.80
Coal (5)	2.17	1.82	2.17
Cotton (6)	0.25⅝	0.22½	0.23⅞
Wheat (7)	2.16	1.48	1.63
Corn (8)	1.27	1.03	1.18
Hogs (9)	0.13⅝	0.10½	0.13⅝
Steers (10)	0.12⅝	0.10¾	0.12⅞
Coffee (11)	0.23⅞	0.17⅛	0.21
Rubber (12)	0.97	0.35	0.93
Wool (13)	0.70	0.48	0.55
Tobacco (14)	0.24	0.22	0.22
Sugar (15)	0.04⅞	0.04½	0.04½
Sugar (16)	0.07	0.05½	0.05⅝
Paper (17)	0.04	0.03⅜	0.03⅜

*July 9.

(1) Open Hearth billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Pennsylvania, $ per barrel; (5) Pittsburgh, mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 red, Chicago, $ per bushel; (8) No. 3 Yellow, Chicago, $ per bushel; (9) Light, Chicago, c. per pound; (10) Top, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, Spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium Burleigh, Kentucky, — per lb.; (15) Raw Cubas 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.

THE TREND IN MAJOR INDUSTRIES

STEEL—Conditions in steel industry show no great change. Producers are exerting greater efforts to halt declining tendency of prices with fair show of success.

METALS—Copper recovers to 14 cents a pound. Strong undertone in evidence as statistical position continues to improve. Lead and zinc show tendency to creep to higher levels with first named in the better position.

OIL—Production of light crude oil still falling off while gasoline consumption gains. Some scattered price advances in crude reflect improving outlook for the industry.

TEXTILES—Warm weather has stimulated demand for summer merchandise, giving textile trades a firmer undertone. Curtailment of production seems likely to reach smaller proportions than previously indicated.

LEATHER—Strength in hide markets becoming more pronounced as activity in leather industries broadens moderately. Outlook favorable.

MOTORS—Business in the automotive industries is slowing down but much more stubbornly than is usual at this season of the year. Truck producers report a larger demand and heavier output than last year.

RUBBER—Crude rubber is still under the influence of strong demand and limited supply. Prices have risen to new high levels. Tire prices were again advanced on July 1 but the manufacturers are absorbing a share of high raw material costs.

CHEMICALS—Lack of the customary summer weakness is a feature of the chemical markets. Production active. Demand for paints and varnishes running to large totals.

PAPER—Undertone of paper markets somewhat uncertain. Concessions noted in various grades. Newsprint production still breaking records but demand keeps pace.

BUILDING—Some seasonal recession in building activities probable but aggregate volume of construction seems likely to remain relatively heavy.

SHIPPING—No great change in prospect for shipping industry. Operating costs are slightly lower and volume of freight traffic larger than year ago, however.

SUMMARY—Business shows the effect of in-between seasons influences but, broadly speaking, is established on a stable basis. Further readjustments between production and consumption have tended to bring about greater firmness in commodity price levels. Outlook for the fall months is for a quickening of activity.

THE MAGAZINE OF WALL STREET'S

Mid-Year Review of Public Utilities

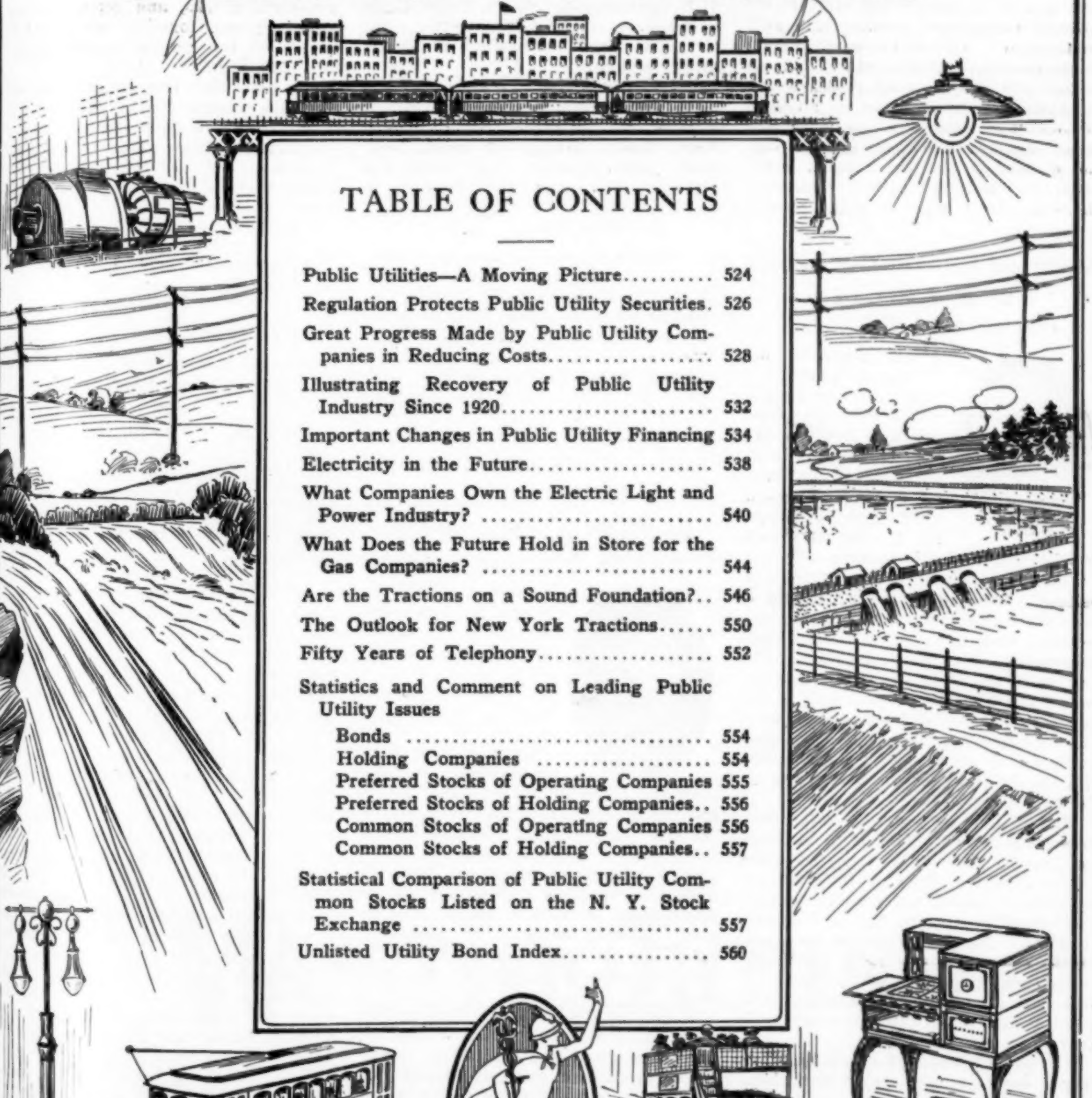


TABLE OF CONTENTS

THE MAGAZINE OF WALL STREET'S
Mid-Year Review of Public Utilities

Public Utilities—A Moving Picture

PUBLIC UTILITIES have undergone many changes in their relatively brief period of existence. Now the gas and telephone companies are approaching a period of stabilization in earnings, financing and technical development. The electric light and power industry and the street railway companies, however, are still on the move. One of the early leaders in the electrical industry stated that an engine and dynamo once placed on its foundation would be there for all time. Witness the number of dynamos and steam engines that have passed into the discard before the modern turbo generators were developed! Investors, therefore, to be sure of their ground, must be familiar with the three most important aspects of the public utility situation: first, the regulatory policies of state authorities who determine rates; second, the improvements in technical apparatus which may spell a decided change in the costs and status of the industry, and third, the methods of financing which bear directly upon the safety and desirability of public utility securities.

In this mid-year review of the public utility field a simple and direct approach to the subject will be made. First, timely articles on rates, technical achievements, and financing methods will give the investor a bird's-eye view of the utility field.

Then will follow special articles on each of the major utility industries, the electric companies, the gas companies, the tractions and the telephone and telegraph companies.

Instead of analyzing individual companies, a list of investments in bonds, preferred stocks, and common stocks, will be given, together with brief remarks on the general market outlook for each issue.

We trust that this arrangement will give the reader of the MAGAZINE OF WALL STREET a comprehensive view of the public utilities as an industry and a close-up of the particular utility group that he may find most interesting.

Electrical Sales at High Point

By M. S. SLOAN
Pres. Brooklyn Edison Co.

THE electrical industry never has been sounder, more stable or more prosperous. And, so far as I can see, it is in a period of development which must yield great things for the industry and for the people of this country.

The last decade held sharp peaks and valleys. We had a war boom and a post-war depression. Yet the electrical industry went undamaged through that depression. Its growth in number of customers and in output of energy continued steadily. It added largely to its generating plants and its transmission and distribution systems. It came through the decade with its average rate nearly nine per cent lower than at the beginning of the war.

We are now in a period of general prosperity, which bids fair to be long-continued. Industrial sales of electricity—the one point where business conditions produce any notable fluctuation—have grown and should continue to grow. The financial requirements of the companies are being met more easily today than ever before. Sales of securities to customers and employes—a sure sign of health—increase each year.

The consolidation of companies into larger ones, and the steady formation of interconnected groups, or super-power systems, are important measures of economical administration and operation, beneficial to the utilities and equally of advantage to the public. It is noteworthy that these interconnections and consolidations are taking place with a minimum of public misunderstanding and practically no public protest, whereas a decade or two ago there would have been general denunciation of the "electrical trust." This is indicative of much wider understanding of the industry, greater public confidence in it and more appreciation of its value as an economic entity.

Good Outlook for Diversified Utility Service

By THOMAS N. McCARTER
Pres. Public Service Corp. of N. J.

THERE seems to me to be no question as to the soundness of basic conditions in the electric light and power industry. Remarkable as has been the expansion in this field, phenomenal as has been the physical and economic development of Central Station properties, the day is not in sight which will set a limit on the possible consumption of electric energy for industrial, domestic and other purposes. Until that day is reached our problem is one of satisfactorily meeting demand, of improving efficiency and providing economies in the generation and distribution of current.

I cannot too strongly emphasize, however, that the business is one of safe investment and not one of speculative profit and properly should not be. The reputation for stability which the Central Station industry has acquired with investors, large and small, arises not only from the essential character of the service it supplies but also from its generally satisfactory relations with the public and is too valuable an asset to be in any way put in jeopardy.

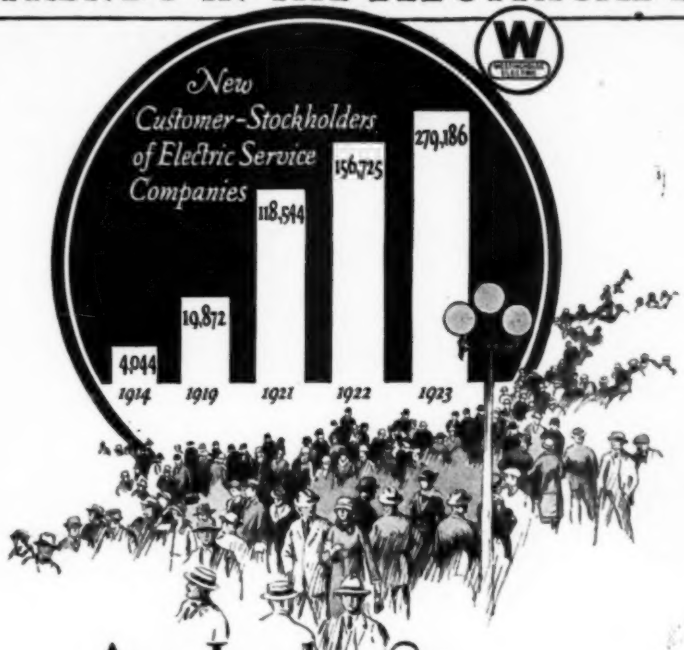
Expansion—the Keynote of Utilities

By GEORGE B. CORTELYOU
Chairman, Consolidated Gas Co. of New York

THE history of the gas and electric utilities of this city—and indeed of the country as a whole—is one of continuous expansion. Scarcely has one great construction project been completed than another and greater one has had to be begun—so close has demand trod upon the heels of supply. Life as it is now organized in our great centers of population could not exist without gas and electric services. Their presence and proper functioning are a condition of urban growth and development, and there is also taking place a rapid extension of electrical facilities into many agricultural districts. The fortunes of company and community are bound up together. One cannot progress without the other. This being true, it follows that it is not in the public interest to hold the utilities down to a starvation level of rates but rather to allow them to earn a return that will enable them to keep their plant and equipment in efficient condition to meet the ever-increasing demand for service, which calls for vast accessions of new capital each year.

The record of these utilities, particularly in the past decade, notwithstanding the serious difficulties engendered by the war and its aftermath, is most impressive. Their rank among the country's industries has grown to be a commanding one, and their securities have advanced steadily in the favor of the investing public. Their

(Please turn to page 569)



An Industry Owned by the People

The American people own the electrical industry. In number of stockholders, in distribution of securities, in democratic ownership, the electrical industry ranks with the highest in the world.

For illustration, during 1923 there were 185 utility companies that enrolled approximately 300,000 of their customers as stockholders. Customer shareholders furnished one-third of the money called for by the construction programs of the electric service companies in 1923. *Electrical World* estimates the total numbers of customer shareholders enrolled by the utilities during the past ten years at about one million.

Widely distributed ownership is a favorable economic factor. It helps build business; it is an assurance of capital; it makes for financial stability; it is a protection against public misunderstanding.

WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY
EAST PITTSBURGH, PA.

Westinghouse

The Westinghouse organization began in 1886 with 200 employees. Today it has 50,000.

Electrical apparatus made and installed by Westinghouse is to be found in every civilized country on the globe, while Westinghouse-equipped ships daily traverse the seven seas.

Regulation Protects Public Utility Securities

Fair Rates As Assured by Attitudes of Courts and State Commissions an Important Factor

IT may be fairly said that public utility securities did not truly become popular until it was realized that the pub-utility commissions would act favorably in regard to rate-making. The utility commissions have come to appreciate the fact that the best interests of the community with regard to public utility service can only be had if the utility companies are allowed to make a fair profit and thus gain the inducement toward satisfactory performance. The Federal courts have decided against confiscatory rates and the basis has been laid for an enduring public utility structure.

PUBLIC utility securities have risen in price partially because the investing public now realizes that the public service regulating commissions and the courts have adopted a more favorable attitude on the right of the public utility to earn a fair return.

Gradually it has come about that the commissions have ceased to deal politically with the rate cases of the public utilities and have realized that only through a fair and just return can the utilities properly perform their functions and thus adequately fulfill their place as the backbone of community and industrial life.

The public service commissions have been in existence in some of the states for eighteen years,—having been given their inception in the states of New York and Wisconsin in 1907. A certain form of regulation of electric and gas utilities had existed in Massachusetts since 1885. The eighteen years of the commissions have ably demonstrated their need in connection with the utilities of the public. Today commissions having jurisdiction over electric, gas and street railway service exist in all but six states. Sporadic attempts have been made in certain states to repeal the commission laws, owing to local political situations, but have met with no success.

For several years it was not uncommon for a few of the commissions, and particularly the newer commissions, mistakenly to endeavor to please the public through restrictive regulation, —either through failure to permit a fair return, or through slow procedure in handling rate cases.

It was soon found that undue restriction of the normal growth of a community's public utilities resulted in an even greater retardation in the development of the community itself. A community could only grow according to the expansion of its utility facilities.

Commissions found that the public did not want a low rate if that low rate were to result in inadequate service and hampered growth. The last few years have witnessed several cases brought before commissions in which the public utility seeking a fair rate of return has been joined on the petition by its customers,—in mutual recognition of the right to earn sufficient revenue to permit adequate service.

In those instances where the commissions failed to fix rates sufficient to allow a reasonable return on the fair value of the property, the courts, both state and federal, have been quick to sense the need for continued efficient service and, where justified by the evidence submitted, have established the proper value of the utility's property and permitted a fair and just return thereon.

Old Rates Confiscatory

The New York metropolitan gas cases have been such instances,—although here the rate was established by the state legislature on a confiscatory basis over the head of the state's own public service commission. In every case brought before the federal court under this statutory rate, the rate of return has been found to be confiscatory and a new rate fixed by the court in lieu of the statutory rate.

On review of cases taken from commission decisions, the state courts generally are confined to a review of the evidence only, and to ascertaining if the commission exceeded its statutory powers.

Added affirmance to the prohibition of a commission exercising management powers in regulating public utilities has recently been made in court decisions. The outstanding case, of course, is that of the Supreme Court in the Southwestern Bell Telephone case (262 U. S. 276) in which it was held that the state, through its regulatory powers, may not encroach upon the domain of management.

The latest decision of interest on the right of a public utility to earn a fair return in that of the Michigan Supreme Court in the Detroit City Gas case, decided April 24th. In this, the court upheld the right of the company to promulgate a fair rate, after its franchise had expired, and after the people had failed to pass a new franchise by a constitutional majority. The lower court had held that the provisions of the expired franchise were still in effect, pending adoption of a new franchise.

Recognition has been given to reproduction costs in practically all cases, both by the commissions and the courts, decided in the last few years. In this, they have been guided by the holdings of the Supreme Court on the subject, as set forth in the Bluefields Water case, the Southwestern Bell Telephone case, and others.

Within the past few months the federal district court (District of Maryland) has decided a very important case on a reproduction cost basis using the index figures of the Department of Labor as a measure of the purchasing power of the dollar—stating:

"the evidence of reproduction cost demonstrates that world-wide conditions of which all men have knowledge have greatly increased

(Please turn to page 572)

Great Progress Made by Public Utility Companies in Reducing Costs

Technical Improvements Assist in Reducing Public Utility Costs and Thereby Increase Possibilities for Greater Earnings

ELECTRICITY has actually decreased in cost in the face of rising prices for materials; gas, too, has not risen in price in proportion to the much larger outlay for coal and oil; telephone rates have, in fact, been far behind the rise in cost of telephone materials; street railway companies have not been able to secure fares high enough to keep up with rising wages and other costs.

Constant and painstaking research for improved methods of operation lies back of these apparent contradictions. Were it not for the hand of science, the public utilities would indeed have been in difficulties these past few years and the prices for their services would now be well above their present levels. This matter of technical improvements has been somewhat neglected in popular discussions of public utility securities, but the relationship has been most direct, and will have a definite effect upon the future course of public utility earnings. Much importance, therefore, can be given to the story of invention and scientific progress that has been recorded by the public utility companies.

Electrical Achievements

In the electrical industry, methods of decreasing the cost of steam generation and use have been given a large measure of attention for the last few years. This effort has been directed towards the betterment of the boilers and turbines themselves and not necessarily towards the use of labor saving devices as might be the case in an industrial plant. Labor, by the way, is but a small part of the total cost of electrical generation, and a much smaller proportion than in the case of the sister utilities. In other words, fewer employees are required to produce a given dollar of gross revenue in the electrical industry than in any other of the public utility industries. Therefore, as was suggested, mechanical features of operation have been given the most attention.

In the boiler plant we first had automatic stokers, which in many of the newer plants are being superseded by pulverized coal burning equipment. The boiler efficiencies claimed for this latest adjunct of low cost operation are much better than have been obtained by the use of automatic stokers.

Supplementary to the coal burning equipment are such aids as improved furnace design, economizers which make use of the heat in the exhaust gasses, "radiant" superheaters and other devices which attempt to use everything but the squeal—if the coal had a squeal. The destructive distillation of coal in electrical power plants and the manufacture of by-products has not as yet been tried on any scale in the United States. No one can see to what lengths this saving may be carried, if the cost of coal mounts far beyond its present price within the next fifty years. At present coal prices, however, many engineers feel that the additional investment in by-product recovery apparatus would not be justified.

Steam pressures, temperatures, and "super heat" have been boosted year by year until now there is in actual operation a 1,200 lb. steam pressure turbine:—at the Wymouth Plant of the Edison Electric Illuminating Company of Boston. What a contrast with the 100 lb. pressure boilers used in the early days.

In the turbine and generator room, the mercury turbine and the increasingly large size of the steam turbine are expected to effect still further economies. The recently ordered turbine for the Brooklyn Edison Company is rated at 100,000 kva., is 67½ feet long and weighs very nearly 2,000,000 lbs. It is said that this turbine will produce a KWH of electricity for something less than 11,000 B.t.u., (heat units) well under any existing efficiency that has as yet been obtained.

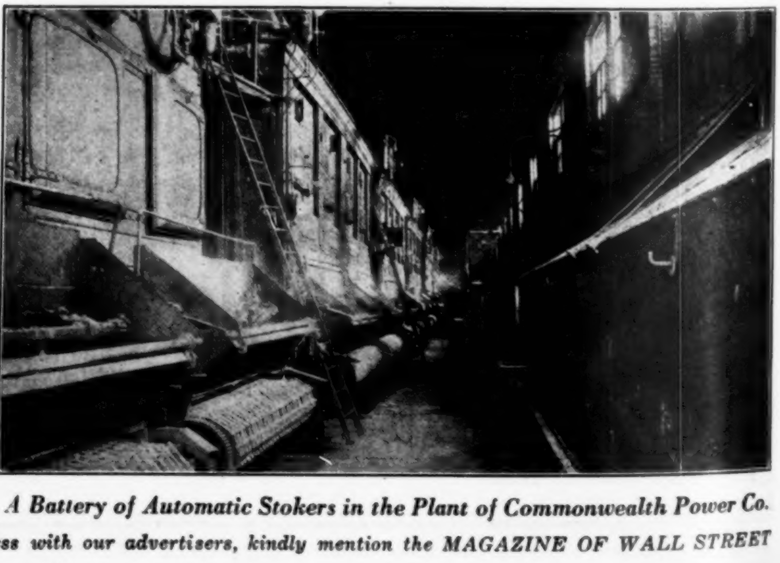
On the electrical end of power plants, we find safety has been a primary consideration. Break-downs, of course, run up the cost of operation; therefore, we find nearly everything built in units within the modern power plant. Each of these units is self-contained and segregated from its fellows by very heavy switches and insulating apparatus.

Transmission lines, as is well known, are being operated at voltages as high as 220,000. Within certain economic and distance limits, the higher the voltage the less the loss of electricity, and the lower the cost of transmission.

Gas Industry Progresses

Within recent years the gas industry has not been able to effect as many economies in operations through technical improvements as has the electrical industry. Nevertheless, several instances can be recalled where science has had a hand in reducing costs.

Higher pressures in the distribution mains have helped many companies to put more gas through the old mains,



A Battery of Automatic Stokers in the Plant of Commonwealth Power Co.

and thus to save the investment in new mains. The improvement in the design of centrifugal pumping equipment has been one of the chief aids to higher pressures.

Artificial gas is now manufactured by two methods: breaking down bituminous coal in retorts to produce coal gas; and forcing steam through heated coke or anthracite coal to produce carbureted water gas. This latter method is used for some 70 per cent of the total gas produced in the United States. As oil is required in this process to enrich the gas up to the proper legal heating values, the main problem of the gas companies revolves around the ways to decrease the use of oil and to use economically the nearest available coal.

Heating Standards Important

Heating standards established by the various states are therefore of major importance to the gas industry. Where the standards are low enough, it is possible to produce a perfectly serviceable gas through combining the water gas with the coal gas, and eliminating a large amount of the expensive enriching oil. The reduction of gas costs through scientific means is consequently possible, but depends on the education of the public service commissions and the users of gas to a lower heat standard. This kind of gas, according to the gas people, can be used just as effectively as the higher heat unit gas which requires expensive oil and special grades of coal to produce.

The growth of by-product recovery in the gas industry, and sales of coke to industrial and domestic users, have of course, been an important element in helping to keep gas costs within reason. This recovery of by-products has advanced far in the more modern plants, and the chief economy may come from the substitution of this newer apparatus for some of the plants that have been in service for fifty years or more.

Telephones Becoming More Mechanical

Some of the scientific advances that the telephone industry has made, even during the last few years, are definitely related to cost reduction.

Many messages can now be transmitted over the same wire which formerly carried but one. The years of research and scientific toil which were required to perfect the device that makes this phenomenon possible are but evidence of the relentless effort that is being expended to design new or better equipment.

Machine switching, which largely dispenses with the hello girl, appears to have come into its own, if the program of installation in New York City alone is any indication. The direct effect of this apparatus upon costs cannot as yet be accurately traced, but it has been so perfected that widespread installation is slowly coming.

The improvement in the transmission of long distance messages has been most noticeable since the war, and has undoubtedly served to stimulate the greater use of these facilities, with a consequent reduction in unit costs.

Tractions Do Their Best

Since the advent of the electric trolley, the street railways have really had but one thing to do—move people —and one means to do it with—the trolley car on rails. Within recent years, however, another tool has come into their hands—the motor bus, or in a few instances, the trolley bus.

Motor busses in some applications are a means of cutting down costs, particularly the maintenance costs on old lines in sparsely settled districts. So far, though, many of the traction companies have used the bus mainly as a load builder, and to satisfy the public demand.

Street cars of a far lighter weight than the more cumbersome earlier designs have materially helped to cut power consumption—in cases where the company had the money to buy the lighter car. As a variation of the light weight car is the one man car which has been accepted with bad grace by many communities.

Scientific studies of traffic ebb and flow, and the rerouting of cars in downtown areas has done much to cut down congestion and to encourage riding. In Chicago, for example, a number of left hand turns have been eliminated, to the benefit of the railway company and of traffic conditions as well.

Co-operation with employees and special safety measures and devices— such as the brake whose force depends upon the load carried—have decreased accidents, which are a large element in the expense budget of a street railway company.

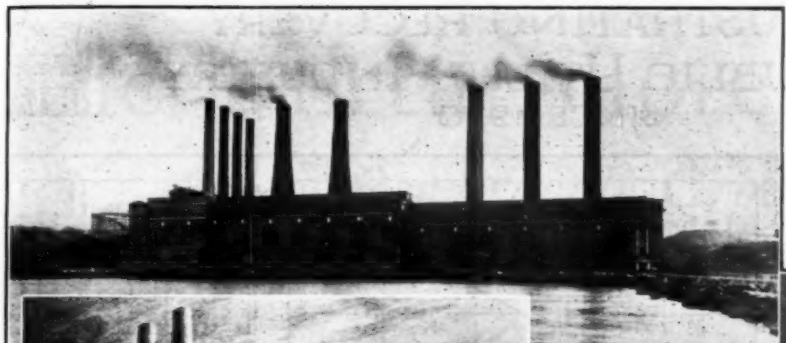
Future Possibilities

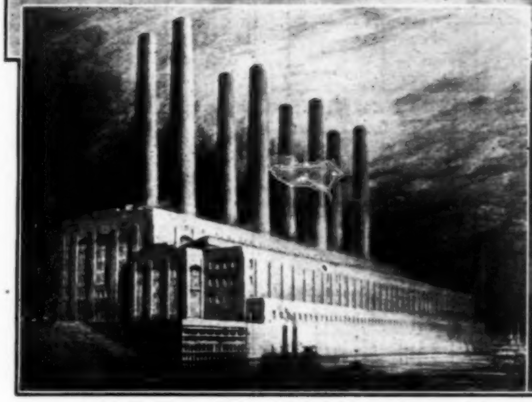
Electricity, judging by past developments, will be produced more and more cheaply as the older isolated plants are superseded by the modern large unit generating station. System operation, scientific load dispatching, and the development of off peak loads can materially decrease unit costs through the more continuous use of existing facilities. The sister public utilities, gas, telephones, and tractions, however, do not appear to be in as favorable a position to benefit from technical advances and reasearch in their respective industries. Past improvement in operating costs and ratios, as shown on the page of graphs, has been most marked in the electrical industry.

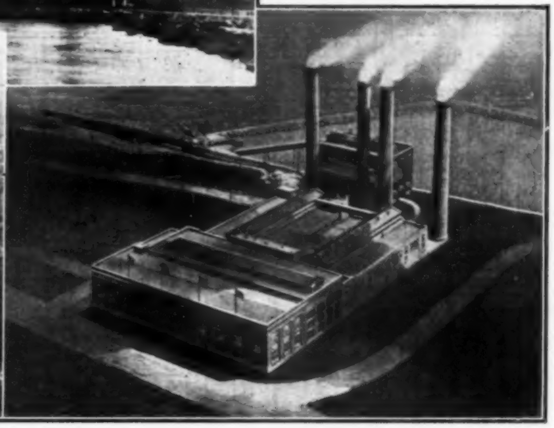
Actual costs of some materials, apart from the economies effected by science, are showing a downward trend. Particularly in the case of coal, many operators within reach of the non-union fields have negotiated contracts for the next few years at prices materially below those paid during 1924 and 1925. Machinery and equipment costs appear to have reached a fairly stabilized condition, with minor fluctuations up or down. Copper and oil, however, seem to be gradually on the upgrade.

Skyrocketing costs of material and labor as in 1919 and 1920 are unlikely to break soon again on the utilities. Even should such a calamity come to pass, several of the utilities, particularly the electric light and power companies, should be able to offset it by further recourse to scientific study of methods for reducing costs.

Interior View of the Power House, Highland Park Plant of the Ford Motor Co.







Upper Left—Lake Shore, Cleveland, World's Largest Steam-Electric Station under one roof. Present installed capacity 288,000 kilowatts.

Lower Left—Cahokia, on the Mississippi River, near St. Louis. *First two sections are now in operation. Present installed capacity 105,000 kilowatts.*

Right—Lakeside, Milwaukee, Holder of World's Efficiency Records. Present installed capacity 130,000 kilowatts.

The Progress of Civilization Is Measured in Kilowatts

Wages and wealth, culture and comfort, machinery and men, health and happiness—all these, and more—are dependent on the mighty force of electricity flowing from the power house through the copper arteries of the modern metropolis.

For thirty-five years The North American Company has contributed to developments in the production, distribution, and use of electricity. Gross earnings twelve months ended March 31, 1925, amounted to $81,930,000. Total number of electric customers exceeds 664,000.

LAKESIDE makes the power that makes the many products that make Milwaukee famous.

LAKE SHORE supplies the vitalizing energy to Cleveland—Fifth City—where coal and iron are wed.

CAHOKIA provides the motive power for St. Louis —the industrial center of the Mississippi River Valley.

In this modern Age of Electricity, reliable and economical energy for light and power are absolutely essential.

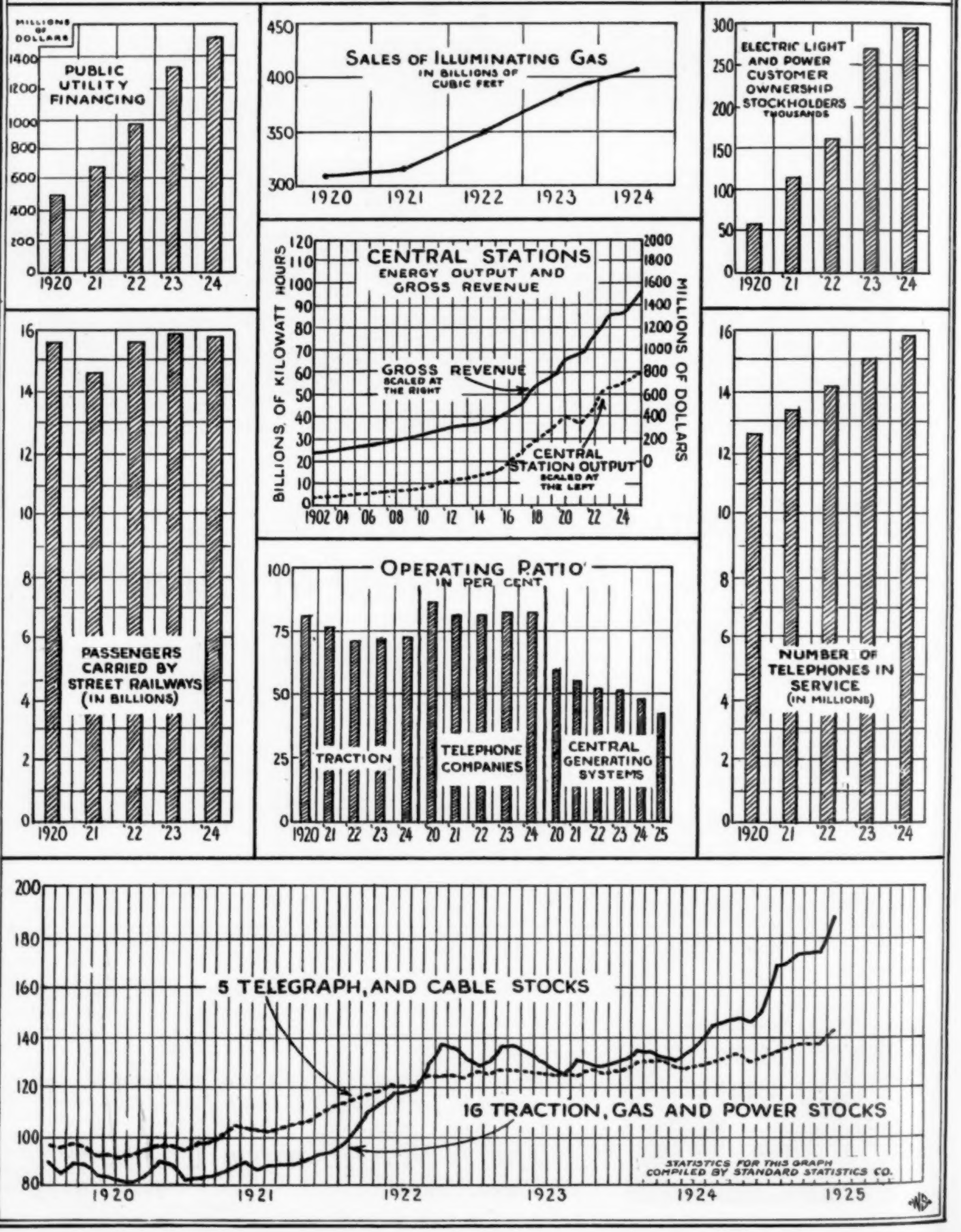
Securities of sound light and power companies are based on a business which supplies a great and necessary human need.

Descriptive Booklet—"A Record of Growth and Achievement"—will be mailed on request.

The North American Company

The North American Company
60 Broadway .. New York

ILLUSTRATING RECOVERY OF PUBLIC UTILITY INDUSTRY SINCE 1920

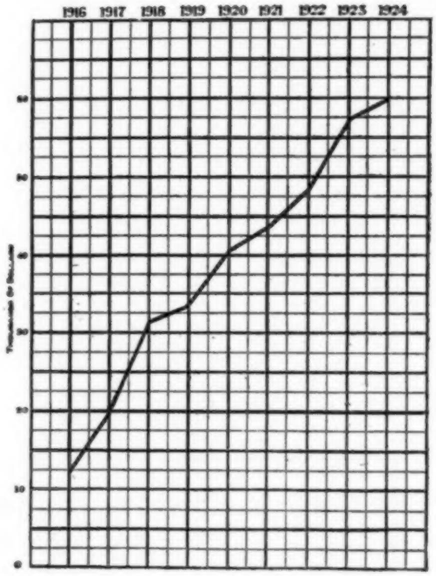


The North Shore Line

Shows Remarkable Growth

MODERN methods of operation backed by excellent credit and good management have made the Chicago North Shore & Milwaukee Railroad an outstanding success in the field of electric railroad transportation.

Year by year since this property was brought under the management of Samuel Insull and associates, its revenue has shown a remarkably steady growth. Its gross operating revenue has grown from $1,157,191 in 1916 to $6,198,987 in 1924, and its revenue per mile of road in the same period has grown from $12,688 to $59,962.



Income Per Mile of Road

The company is now building an extension about 23 miles in length from the city limits of Chicago through the Skokie Valley to a junction with its Libertyville Branch and with the present main line near Lake Bluff. This branch, which will be completed early in 1926, will furnish a faster, more direct route for through travel between Chicago and Milwaukee and between Chicago and Libertyville and Mundelein. It will open up for development a rich new territory, capable of sustaining a large population and creating new traffic, both freight and passenger.

The financial structure of the North Shore Line is strong and permits of ready expansion to meet the growing needs of the territory it serves.

Chicago North Shore & Milwaukee Railroad Company

72 West Adams Street - - CHICAGO

Important Changes in Public Utility Financing

Modern Financing Practices—Increasing Equity Through Customer Ownership

NEW issues of public utility bonds and notes now carry 5 and 6% coupons in sharp contrast to the 7 and even 8% coupons that were in evidence only five years ago. The average yield, of course, has materially declined. Greater protection for the securities because of increased earnings and because of the carefully drawn provisions of the more modern bond issues has served to stimulate investment demand.

Demand may be partially measured by the volume of public utility financing that has come on the market the past few years. The accompanying Table I summarizes the financing in the United States since 1920, and divides the issues among public utilities, railroads, industrials, foreign governments, and so forth. It is highly significant of the growing faith and investment confidence in the utilities that the percentage of utility financing to the total has nearly doubled in the five-year period, and that it is now almost 25% of the total.

Provisions of Bond Issues

Inflexibility in financial matters was the bane of the utility bankers until the modern "open end" mortgage was evolved for financing the rapidly increasing capital requirements of the utilities. This type of mortgage permits the bonds to be issued at such times, in such amounts and with such maturities and interest rates as the directors may believe are required.

Restrictions as to earnings, property values, maintenance and depreciation policies, and the sale of property from under the mortgage are, however, very definitely specified in the "open end" mortgages of the better companies. By referring to the column of comments in the table of utility bonds and notes on page 554 a few of these restrictions may be seen. Usually, the interest on all of the outstanding bond issues, including those that are to be issued, must be earned 1¾ times, or occasionally, 2 times. Furthermore, bonds may not be issued for more than 80% of the value of additions or improvements, or of property to be acquired. And to an increasing extent, one finds provision made for a definite amount to be set aside for maintenance, and sometimes for depreciation. This amount is measured as a percentage of the outstanding bonds in many cases, or, more seldom, as a percentage of the gross earnings. Such provisions as these are in a sense the substitutes for the sinking funds found on numbers of the earlier bond issues of the utility companies.

It is the contention of the utility bankers that the modern "open end" mortgages are equally as attractive from the investors' standpoint as the smaller underlying issues that were limited to a fixed amount of bonds. The fact that the public service commissions have passed on many bond issues of this "open end" type and that practically all of the better companies now use them as the principal means of financing through senior securities—indicate that this kind of bond issue may be highly regarded by the investor, provided the restrictions are at least as closely defined as those which are suggested above.

Types of Bond and Note Issues

Investors often find it difficult to identify the real classification of bonds and notes from their names alone. Complexity in nomenclature seems to be a source of pride with many bankers, and the descriptions of some bond issues of the utilities might be easily mistaken for the names of Pullman cars. In spite of the confusion, it is possible to divide the bond and note issues of the utilities into a few broad classes.

First mortgage, or first and refunding mortgage bonds are the simplest and most clean cut of all the issues. Then we run into *first lien* and *refunding mortgage* bonds, which may be really a second or third mortgage on some of the property that is covered by underlying bonds, and a first mortgage on some of the more recently acquired property. The word

Table I—Summary of Financing in the United States
(Including New Capital and Refunding)

(In Millions)

Domestic:	1920	1921	1922	1923	1924
Public Utilities	$ 496	$ 671	$ 980	$1,138	$1,529
Railroads	377	655	651	518	940
Industrial	1,913	943	1,317	1,522	1,049
State, County, and Municipal	699	1.235	1,147	1,070	1,379
Canadian Industrial	138	106	42	29	112
Canadian Municipal	53	75	206	50	151
Farm Loan Issues	...	121	386	392	179
Foreign Industrial	39	15	81	24	206
Foreign Government	291	379	431	242	778
Total	$4,010	$4,203	$5,244	$4,989	$6,327

PERCENTAGE DISTRIBUTION

Domestic:	1920 %	1921 %	1922 %	1923 %	1924 %
Public Utilities	12.39	15.96	18.69	22.81	24.18
Railroads	9.42	15.59	12.42	10.39	14.86
Industrial	47.71	22.44	25.12	30.51	16.59
State, County, and Municipal	17.44	29.39	21.88	21.47	21.80
Canadian Industrial	3.45	2.52	.80	.59	1.78
Canadian Municipal	1.33	1.81	3.94	1.01	2.39
Farm Loan Issues	....	2.91	7.37	7.87	2.83
Foreign Industrial	1.00	.36	1.56	.48	3.27
Foreign Government	7.26	9.02	8.22	4.87	12.30
Total	100.	100.	100.	100.	100.

ASSOCIATED GAS AND ELECTRIC COMPANY

STATEMENT OF PROGRESS AND EARNINGS

June 15, 1925.

To the Securityholders of
ASSOCIATED GAS AND ELECTRIC COMPANY:—

It has been the practice of the present management in anticipation of the publication of the formal annual report which necessarily awaits the completion of the annual audit by certified public accountants, to communicate with the securityholders from time to time advising them as to the progress of the Company. This you have learned in a measure from the monthly earnings statements. The progress which the Company has made since the present management took charge during the early part of the year 1922 is best measured by the important features of the Company's affairs which are set forth here at sufficient length to enable you to fairly judge whether the results justify the extensive steps which have been taken.

Stockholders Increase from 200 to 14,000

On January 1, 1922, the number of individual stockholders was approximately 200. In February, 1924, it had grown to 4,000. At the present time there are more than 14,000, of whom over *7,000* hold 10 shares or less each.

In February, 1924, there were 52,000 shares of preferred stock outstanding. Today the corresponding number is 479,860. The preference value then was $2,600,000; now it is $22,736,000.

Improved Financial Structure

At January 1, 1922, the bonded debt of the Associated Gas and Electric Company represented 61% of the total capitalization of the Company. Today the Bonds, including the $14,000,000 recently issued, constitute only 35%.

The consolidated balance sheet of the Company and the subsidiary and affiliated companies at January 1, 1922, showed a ratio of approximately 66% bonds to 34% stock. Since that time such relationship has greatly improved, being now only 50% bonds to 50% stock and convertible debentures.

Output of Electricity Has Increased 19 Times

At January 1, 1922, the properties served slightly more than 29,000 electric and gas consumers in communities in four States, serving an aggregate population of 132,100, whereas at June 1, 1925, the properties served more than 200,000 consumers of electricity, gas or water in over 400 communities in the nine States of New York, Massachusetts, Connecticut, Vermont, Ohio, New Hampshire, Maine, Kentucky and Tennessee, as well as the city of Manila, serving an aggregate population of more than 1,000,000.

At January 1, 1922, the combined generating capacity of the power plants was 6,150 K.W. with 208 miles of high tension transmission lines, whereas at the present time the combined generating capacity is 112,000 K.W. with 1,268 miles of transmission lines.

The consolidated book value of the properties at January 1, 1922, was $5,473,190, whereas the replacement cost of all properties operated at June 1, 1925, has been appraised at more than $75,000,000.

The output of electricity of the properties operated during the calendar year 1921 was 12,622,930 K.W.H., while for the year 1924 the output of the properties now operated was 236,079,519 K.W.H., and ample capacity for substantially increased output remains.

Recent Financing

The improvement in the credit position of the Company is well illustrated by the decreased cost of the money obtained from the just completed issue of $14,000,000 of 6% bonds compared with the cost of the money obtained from the 6½% bonds issued in July, 1924. The annual saving is at the rate of substantially more than $100,000 a year and over the life of the bonds will be more than $3,000,000.

Two questions may naturally arise in the mind of the stockholder in view of the recent sale of bonds and acquisition of the Manila Electric Corporation:

First.—What is the effect of the sale of the $14,000,000 of additional bonds, and

Second.—What is the effect upon the earnings showing of the Company for the past twelve months if the acquisition of Manila Electric Corporation stock is reflected therein.

As to the first, a substantial portion of the interest charges on such bonds already appears in the earnings deductions in the form of interest on floating debt representing monies borrowed for construction and the acquisition of additional properties, which borrowings were liquidated with the proceeds of the bonds, so that to the amount of such floating debt interest the bond interest does not increase the total interest charges.

Furthermore, the application of the proceeds left a large remaining balance of cash to be invested in the proposed construction program and the acquisition of certain new and important properties which are now under consideration. The management believes and expects that the investment of these funds will be as satisfactory in its results upon the Company's earnings showing as has been the investment of the capital which has been heretofore furnished from the proceeds of stock and bond issues.

Manila Electric Acquisition

As to the effect of the acquisition of the Manila Electric Corporation upon the earnings statement for the twelve months ended April 30, 1925, had such Manila stock been held during the past twelve months, and upon the assumption that all of the present holdings of the Manila stock had been acquired under the exchange offer which was made, the earnings statement would show the following:

	Associated 12 mos. ended April 30, '25	Manila 12 mos. ended March 31, '25	Combined
Gross Revenues	$7,683,670	$3,744,791	$11,428,461
Operating Expenses, Maintenance and all taxes	4,789,685	1,888,868	6,678,553
Net Earnings	$2,893,985	$1,855,923	$4,749,908
Fixed Charges and other deductions, including minority interests	1,249,479	824,687	2,074,166
Annual Interest Requirements on $9,100,000 at 6½%, assumed cost of 182,000 shares of Manila Electric Corporation Stock	...	...	591,500
Balance	$1,644,506	...	$2,084,242
Preferred Dividends	345,698	...	345,698
Times Preferred Dividends Earned	4.75	...	6.02
Balance for Property Retirement Reserves. Class A and B Dividends and Surplus	$1,298,808	...	$1,738,544
Equivalent per share on 210,000 shares of Class A Stock	$6.18	...	$8.27

During the month of May there were authorized for issue practically 40,000 additional shares of Class A Stock to be exchanged for the 6½% Secured Gold Bonds of the Company which it was thought desirable to acquire. Without giving effect to the saving of interest incident to such acquisition, but including such additional 40,000 shares of Class A Stock, the balance available for the Class A Stock as shown above on the full 250,000 shares would amount to $6.95 per share.

Earnings Ratios for Stocks

The foregoing changes have favorably affected the stock of the Company from the standpoint of increased equity and earnings. For the calendar year 1921 the gross earnings were $1,560,000 and the preferred dividends were earned 4.4 times. In the twelve months ended April 30, 1925, the gross earnings, exclusive of earnings of companies prior to their acquisition, were $7,683,670, and the preferred dividends were earned 4.75 times, notwithstanding the great improvement in the ratios of Capital Stock and Funded Debt. The gross earnings are now at the annual rate of $14,500,000 with corresponding increases in net earnings.

During the year 1924 the policy previously undertaken of modernizing the financial structure of the Company was concluded, and we now feel that it is firmly established on a broad, sound and conservative basis.

Every effort is being made to operate the properties in a vigorous, but at the same time a sound and conservative manner and to augment and increase the service which is now being rendered by the various properties in the territories served in a manner satisfactory to the consumers and profitable to the stockholders.

Any information which is desired by anyone about the Company, the facilities which it has for service in the territory in which it operates, or its securities, will be cheerfully furnished to the best of our ability.

Respectfully submitted,
J. I. MANGE,
President.

The complete letter, map, balance sheet and statistical statement will be mailed to those interested on request to the Financial Office of the Company, 61 Broadway, New York City.

"gold bond" may appear in the name, but it does not necessarily mean that the bond is any safer than one without it.

Collateral trust issues, some of which may even be a combination collateral trust and first mortgage, are often found, particularly among the holding company issues.

Debentures, or unsecured obligations or notes of the company, rank next in the scale of security. A recent manifestation of this type of financing medium is the long term debentures that have been issued by a number of the electric companies during the last few years. In effect, such issues are but one step ahead of a preferred stock, although they give a lower yield, and consequently a lower cost of money to the utility than could be obtained through the use of a preferred stock.

Convertible bonds and notes have been used by a few of the companies, but the credit position of most of them is now such that they can have direct recourse to the issuance of junior securities.

Preferred and Common Stocks

Preferred stocks of the utility companies, in general, have many points of similarity. The dividend rates vary with the credit standing of the company, and the callable provisions vary too within narrow limits. In most cases, earning power decides whether additional stock can be issued, but occasionally limitations as to the amount that can be sold to make up the difference between bonds issued and property value—are to be found. Convertible and participating preferred stocks are passing out of the picture, and are being superseded by straight preferred stocks with no frills, primarily intended to be sold to the public and to the companies' customers as investments and nothing else.

Common stocks of utility companies have displayed a tendency to shuffle off the par values formerly carried, and now appear as no-par stocks. This tendency applies not only to the stocks of the holding companies, but also to those of the operating companies. An inclination on the part of some of the bankers to still further subdivide the common stocks into two classes, "A" and "B," has become evident within the past two years. Usually the "A" stock has preference over the "B" stock as to a certain amount of dividends per share, and as to the amount to be received upon dissolution of the company. But after the "B" stock has received an amount equal to the amount paid as dividends on the "A" stock as a class, the two classes of stock share equally in any further distribution. Usually, too, the "B" stock normally carries the full voting power.

Extreme care should be exercised in analyzing these "A" and "B" common stocks, for there are several pitfalls for the unwary investor, not necessarily in the worth of the stocks themselves, but in the earnings figures as applied to the individual shares. If these two stocks share *as a class* in the common earnings, and not *per share*, the two stocks will earn different amounts, depending upon the number of shares. Also, it has become the custom to show all of the common stock earnings as applicable to the dividend on the "A" stock, although this procedure is not strictly accurate, because the two classes of stock *share* in the earnings after a certain point; the priority of the "A" stock is limited to the amount of the dividend specified as accruing to it ahead of the "B."

Comment is devoted to this "A" and "B" common stock development because of the increasing number of issues appearing on the market, especially among the newer and recapitalized companies.

Payment of dividends on common stocks in stock or in cash, as the stockholder desires, is another rather recent development that is gaining ground rapidly. Prior to five years ago, only a few companies followed this practice, but now many companies have found it desirable. Dividends in stock very often will sell for more in the market than the cash that would be received, and the return to the stockholder is therefore increased by taking his dividend in stock. Other companies give the stockholders no option, but declare small cash dividends from time to time, and supplement them with large or small stock dividends, depending upon the earnings position.

Rights to subscribe to additional stock have been more freely offered within the past few years, and have been an additional means of increasing the return to the common stockholder. It should be remarked that both of these methods—payment of dividends in stock, and giving the stockholders "rights"—have helped the companies to secure more and more equity, or common stock capital, as distinguished from the capital raised through the sale of senior securities, such as bonds and notes.

Customer Ownership

Financing through sales of stock to customers and employees has been one of the most interesting developments of recent years. The advantages of the movement have been repeatedly stressed: from the company viewpoint, a steadily increasing stream of funds for expansion has been directed towards the plants; the stockholder gains an interest in the company, and is a more intelligent voter on questions that affect his utilities; the community keeps a large part of its money at home, invested in the facilities that keep its citizens provided with essential services.

Figures perhaps tell the story most concretely. Until this last year or so, the phrase "customer ownership" has implied the electric light and power industry, because that industry has sold the most stock to customers and employees. But the telephone companies have been running a close second, and the gas companies have been making increasing use of the plan since their credit has become re-established because of better earnings. The tractions, unfortunately, have not been able to maintain a credit position that would justify the sales of junior securities. In one or two instances, however, notably in Philadelphia, the street railway companies have been successful in interesting the public in their junior securities.

Safety of Utility Securities

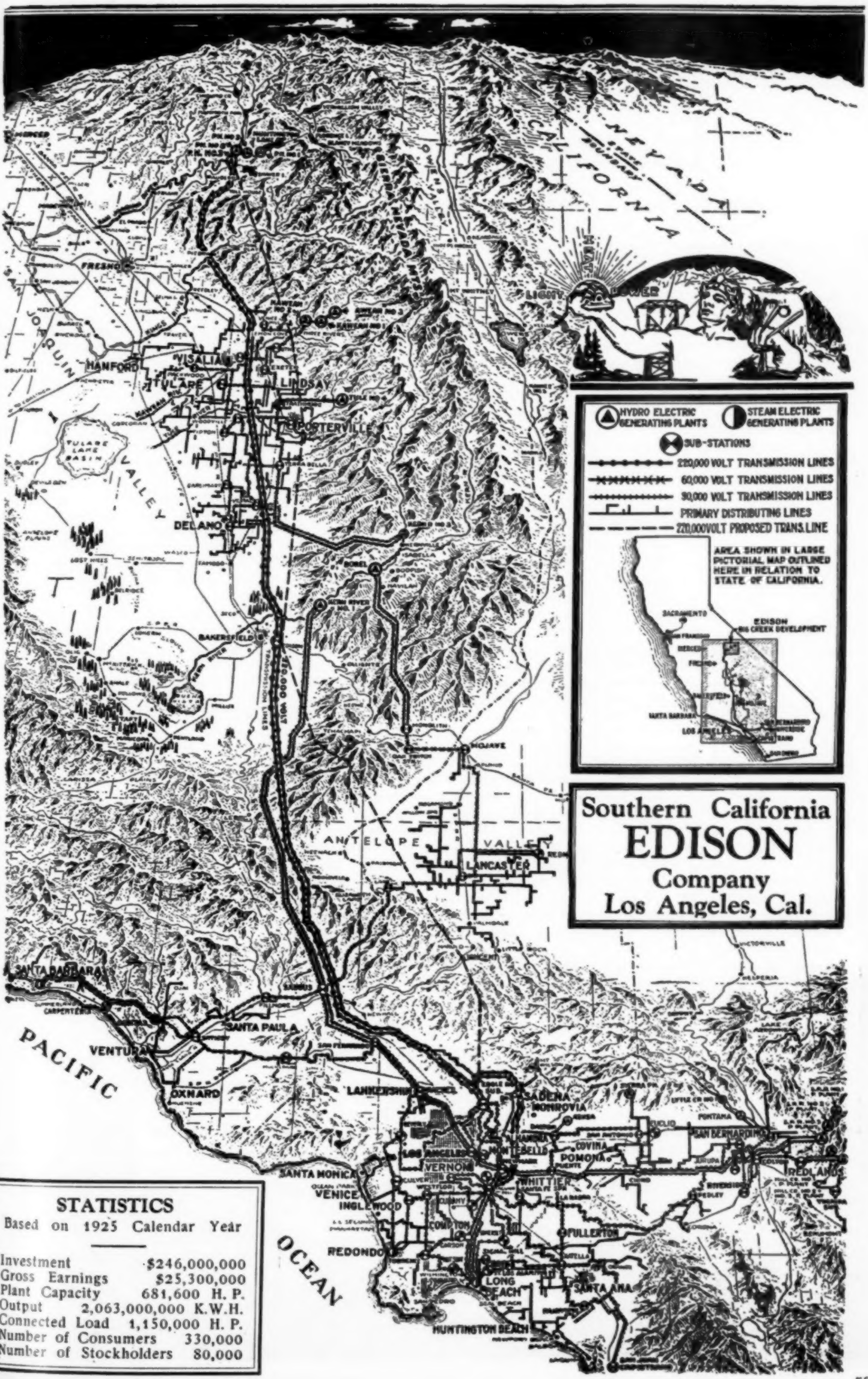
The strength of utility securities now lies in the fact that they are so widely distributed among literally millions of small investors. An additional element of strength is provided by the interest of institutions, life insurance companies, and savings banks in this class of securities. And furthermore, it must always be remembered that the public utilities are regulated monopolies that must be protected by the public service commissions for the public and investor.

Table II—Electric Light and Power Companies

Customer Ownership Sales of Preferred and Common Stocks, 1919 to 1924

Year	Number of Stockholders	Number of Shares (in Millions)	Per Cent Increase	Average Sale in Shares
1919	20,000	.200	...	10.0
1920	55,000	.450	125	8.2
1921	120,000	.830	84	6.9
1922	160,000	1.450	75	9.1
1923	280,000	1.800	24	6.4
1924	295,000	2.450	36	8.3

(Total sales, 1914 to 1924 inclusive, 7,497,407 shares to 947,900 individuals, an average of 7.9 shares each.)



Southern California EDISON Company Los Angeles, Cal.

STATISTICS

Based on 1925 Calendar Year

Investment	\$246,000,000
Gross Earnings	\$25,300,000
Plant Capacity	681,600 H. P.
Output	2,063,000,000 K.W.H.
Connected Load	1,150,000 H. P.
Number of Consumers	330,000
Number of Stockholders	80,000

THE MAGAZINE OF WALL STREET'S

Mid-Year Review of Public Utilities

Electricity in the Future

Are the Electric Companies Approaching a Stabilized Condition?

TELEPHONES now increase each year in proportion to the growth in the number of families in the United States. How soon will the number of electrical customers follow this same rate of growth? That time is not far distant. Now there are some 16 million electric customers as against 26 million families, and it is only a question of a few years before the number of new customers added each year will begin to slacken.

Consumption of electricity, however, and not the number of customers, will determine the future growth and earnings of the electric light and power industry. Output per capita is one of the best indices of the rate at which the individual consumption of electricity is increasing. In 1912, but thirteen years ago, this output per capita figure stood at 122 kilowatt hours; in 1924 the amount had nearly quadrupled to 485 kilowatt hours; and in four or five more years this output per capita will probably not be far from 800 kilowatt hours. In the face of this growth, we need have little fear that the electric companies will experience any drastic decline in earnings during the next few years. Actually, if one consults the curve of output and revenues, it becomes evident that these electrical companies are now on the steepest part of the curves. In other words, the companies are now enjoying one of the most prosperous periods in their history, and this prosperity is directly traceable to the rapidity with which gross earnings have been ascending. And these gross earnings naturally are dependent upon the greater individual consumption of electricity.

Effort has been required to keep this use of electricity constantly increasing, and more and more effort will be needed in the future. A certain amount of the electrical load is unsolicited and comes to the companies almost without effort. New houses, new stores and apartments, and even new factories for the most part are wired for electricity as a matter of course. But the development of new users, and the education of consumers to prefer electricity to other forms of power and heat energy have been in the minds of the commercial men of the central station companies to an increasing degree.

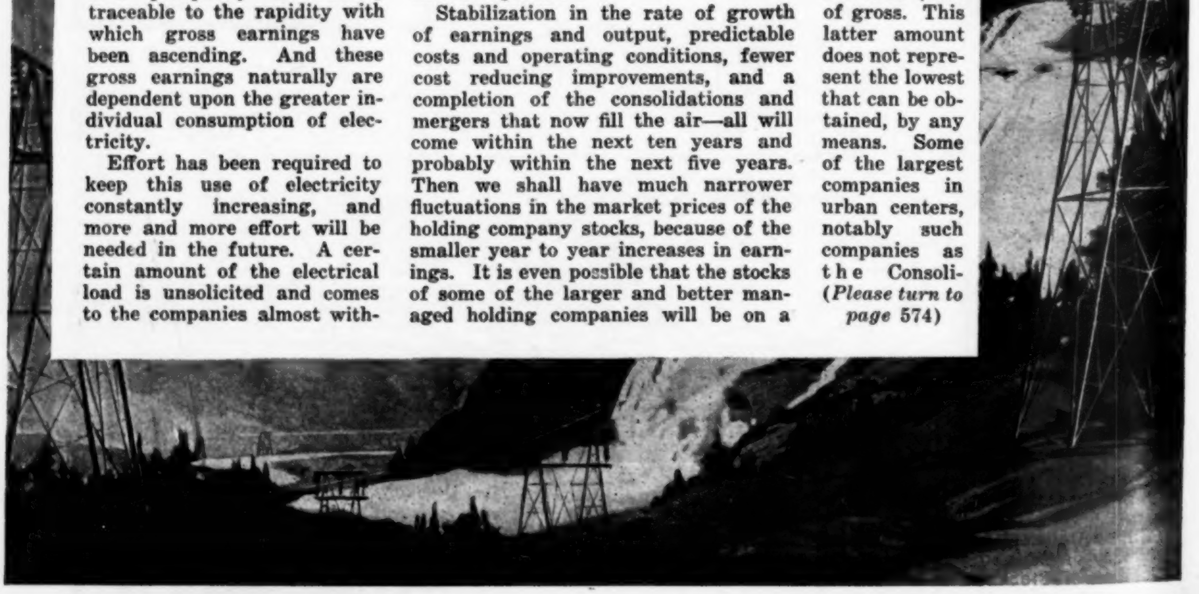
Upon the extent, then, that the electrical people are good merchandisers of their product, depends the prosperity of the next few years. On this score the investor need not be uneasy; the attention of the commercial engineers is centered upon wiring old houses, building up a domestic appliance, refrigerator and range load, studying the possibilities of electrical heating in industrial processes, stimulating more and better lighting, and persuading the owners of small private plants that economies can be effected by purchasing power.

Probably of most importance as a load builder in the immediate years to come will be the increasing electrification of farms. Any number of committees of the farmers, the government, the electrical companies, and the state universities are co-operating to study the special problems of providing the farmer with cheap, reliable electricity. Several experimental lines in Minnesota, Wisconsin, Pennsylvania, Virginia, and Illinois, to mention but a few of the states, are in active operation.

Stabilization in the rate of growth of earnings and output, predictable costs and operating conditions, fewer cost reducing improvements, and a completion of the consolidations and mergers that now fill the air—all will come within the next ten years and probably within the next five years. Then we shall have much narrower fluctuations in the market prices of the holding company stocks, because of the smaller year to year increases in earnings. It is even possible that the stocks of some of the larger and better managed holding companies will be on a credit and market basis similar to that now enjoyed by the American Telephone and Telegraph Company common stock.

Market activity on an unprecedented scale in the common stocks of the public utility holding companies, particularly those owning electric subsidiaries, therefore has an economic basis. Analysts of the electric light and power industry and those executives who have a vision of the conditions that will be reached in a very few years can see nothing that is likely to interfere with the increasing use of electricity that is being developed by the commercial engineers. And this prosperity will persist in spite of rate reductions that are even now being made, because rate reductions and simpler rate schedules often stimulate even larger uses of electricity.

More diversified loads and the elimination of the smaller, less efficient plants will enable the companies to turn out more electricity from their existing facilities. As an example of the possibilities that lie along this line, the differences in the investment required to produce a dollar of gross earnings may be cited. Taking first the industry as a whole, it appears that $5.00 of investment was required in 1920 to produce $1.00 in gross revenues, whereas now the figure is closer to $4.75 for each $1.00 of gross. This latter amount does not represent the lowest that can be obtained, by any means. Some of the largest companies in urban centers, notably such companies as the Consoli- *(Please turn to page 574)*



What Companies Own the Electric Power Industry?

Holding Company Groups Rapidly Absorbing Smaller Electric Systems

RISING prices for the common stocks of public utility holding companies have centered attention on their investment and speculative possibilities. Mergers and consolidations have filled the air these last two years, but now the smoke has begun to clear away and it is possible to distinguish the strongest groups and the different kinds of holding companies.

Although much similarity is to be found in the names of the various companies, and although to the casual observer they may seem very much alike, holding companies vary widely in their composition and functions. Broadly speaking, however, they may be divided into four classes: the operating company, which usually controls through stock ownership, and which provides or supervises the engineering and managerial services; the investment or pure holding company, which merely holds the securities of a number of companies; the securities company, which helps a holding company to finance the capital requirements of the entire group; and the management company, whose primary function is to provide operating, engineering, and management services for a fee.

Operating Companies

Holding companies which actually help to operate a number of subsidaries scattered over the country are the most familiar and the most important manifestation of the tendency to concentrate control of the electric power industry into relatively few strong groups. At the present time it is said that 50% of the generator capacity of the country is controlled to a greater or less degree by the various holding company groups. Furthermore, there has arisen the habit of referring to these groups by the name of the dominating figure or individual who has brought them together. To keep the classification of companies distinct in the reader's mind, it is desirable to list in Table 1 the more important groups of holding companies which operate properties, or which guide operating and engineering policies.

It is impossible to list all of the major holding companies, or even to indicate the larger subsidiaries of those given in Table I. This list however,

Table I—Holding-Operating Companies

Insull Properties
- Public Service Corporation of Northern Illinois
- Middle West Utilities Company
  - American Public Utilities Company

Byllesby Group
- Standard Gas and Electric Company
  - Standard Power and Light Company
  - Byllesby Engineering and Management Corporation

Electric Bond and Share Companies (Supervised and Financed)
- American Power and Light Company
- American Gas and Electric Company (Financed only)
  - American Electric Power Company
- American and Foreign Power Company, Inc.
- Carolina Power and Light Company
- Electric Power and Light Corporation
- Lehigh Power Securities Corporation
- National Power and Light Company

The North American Company

Hodenpyl Hardy Group
- Commonwealth Power Corporation
- Tennessee Electric Power Corporation
- Northern Ohio Power Company

Columbia Gas and Electric Company

American Water Works and Electric Company
- West Penn Company

The United Gas Improvement Company

The United Gas and Electric Corporation

The Philadelphia Company (Pittsburgh)
- Pittsburgh Railways
- Duquesne Light Company
- Equitable Gas Company

Fitkin Companies
- National Public Service Corporation

United Light and Power Company
- Continental Gas and Electric Corporation

Barstow Properties
- General Gas and Electric Corporation

J. G. White Companies
- Associated Gas and Electric Company

American Light and Traction Company

Albert Emanuel Company
- Consolidated Utilities

Utilities Power and Light Corporation

Illinois Power and Light Corporation

Southeastern Power and Light Company

Public Service Corporation of New Jersey

Doherty Companies
- Cities Service Company
  - Cities Service Power and Light Company

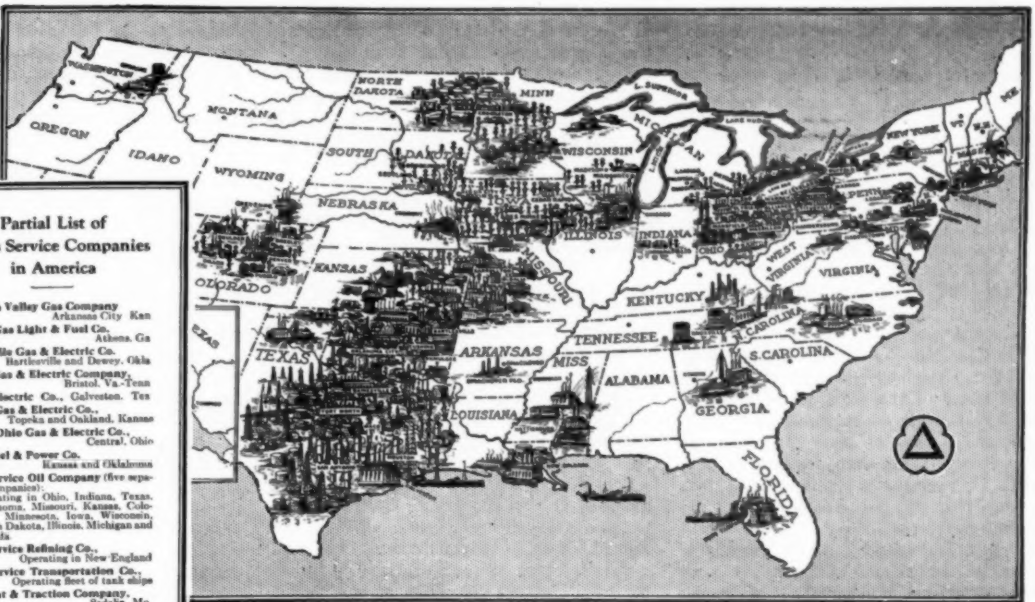
Federal Light and Traction Company

Stone and Webster Companies
- Blackstone Valley Gas and Electric Company

Power Corporation of New York

Republic Railway and Light Company

Furnishing Necessities to Millions



Visualization of the properties of Cities Service Company in North America, excluding branches in Europe, Australia, South America and the Far East.

Partial List of Cities Service Companies in America

Arkansas Valley Gas Company, Arkansas City Kan
Athens Gas Light & Fuel Co., Athens, Ga
Bartlesville Gas & Electric Co., Bartlesville and Dewey, Okla
Bristol Gas & Electric Company, Bristol, Va.-Tenn
Brush Electric Co., Galveston, Tex
Capital Gas & Electric Co., Topeka and Oakland, Kansas
Central Ohio Gas & Electric Co., Central, Ohio
Cities Fuel & Power Co., Kansas and Oklahoma
Cities Service Oil Company (five separate companies): Operating in Ohio, Indiana, Texas, Oklahoma, Missouri, Kansas, Colorado, Minnesota, Iowa, Wisconsin, North Dakota, Illinois, Michigan and Canada
Cities Service Refining Co., Operating in New England
Cities Service Transportation Co., Operating fleet of tank ships
City Light & Traction Company, Sedalia, Mo
City Light & Water Company, Amarillo, Texas
Colombian Petroleum Company, Colombia, S A
Compania de Gas y Combustible, "Imperio" Mexico
Crew Levick Co. Pennsylvania, New Jersey, New York and Massachusetts
Cumberland & Westernport Electric Ry Co., Cumberland, Md., and 17 other communities
Danbury and Bethel Gas & Electric Light Co., Danbury, Bethel and Brookfield, Conn
Dominion Gas Company, Woodstock and numerous other communities in Ontario
Durham Public Service Company, Durham, N C
Empire District Electric Company, Serves a region of 1,000 square miles in Kansas, Oklahoma and Missouri, including the City of Joplin
Empire Gas & Fuel Company (Del.), Kansas, Texas and Oklahoma
Empire Gas & Fuel Co. (Colo.), Operating in Colorado
Empire Gas & Fuel Co. (Maine), Operating in Texas
Empire Refining Co., Refineries in Oklahoma and Texas
Fremont Gas, Electric Light & Power Co., Fremont and Cedar Bluffs, Neb.
Kansas Natural Gas Company, Kansas and Missouri
Knoxville Gas Company Knoxville, Park City and Oakwood, Tenn
Lebanon Gas & Fuel Co., Lebanon Pa., and 4 other communities
Ohio Public Service Co., Alliance, Lorain, Elyria, Massillon, Warren Mansfield and 22 other communities in Ohio
Public Service Company of Colorado, Colorado and Wyoming, including the City of Denver
Pueblo Gas & Fuel Co., Pueblo, Colo
Republic Light, Heat & Power Co., Northwestern New York State
St. Joseph Ry., Light, Heat & Power Co St Joseph and Savannah, Mo and 7 other communities
Southern Ontario Gas Co., Ltd., Ontario, Canada
Spokane Gas & Fuel Co., Spokane, Wash
Summit County Power Co. Dillon and Montezuma Colo
Toledo Trac., Light & Power Co., Toledo Edison Co., Toledo, Ohio
Union Public Service Co., Southern Kansas and Northern Oklahoma
Watauga Power Company Hydro Electric Generating Company in Tennessee
Western Distributing Co Twenty-four communities in Kansas

CITIES SERVICE COMPANY typifies American growth and business development. Because of the essential nature of its business the organization prospers and expands in proportion to the growth of the hundreds of cities it serves.

The organization includes more than 100 subsidiary companies engaged in the production and marketing of electric light and power, manufactured and natural gas, heat, ice, water and petroleum products.

These diversified enterprises are combined for efficiency and economy of operation under one centralized management.

Activities are divided into three groups: the Public Utility Division, which manufactures and sells over 1,004,181,394 kilowatt hours of electrical energy and 7,166,345,000 cubic feet of manufactured gas yearly; the Natural Gas Division, which produces and sells over 43,000,000,000 cubic feet of natural gas yearly; and the Oil Division, which produces 30,000 barrels of crude oil daily, and manufactures and sells finished oil products in over 2,250 cities and towns in the United States and in foreign countries.

In fifteen years the organization has developed until its assets now total over $550,000,000. It stands today among the first five business concerns of the world in the number of its security holders, who aggregate over 160,000—the population of a good-sized city.

Such is the diversity, stability and large earning power behind Cities Service Preferred Stock—an ideal investment, combining safety, ready marketability and attractive yield: about 7¼ per cent at the present market.

Send for Preferred Circular P-11 and a copy of "Serving a Nation," a 48-page illustrated booklet which describes the activities and properties of the Cities Service organization.

SECURITIES DEPARTMENT

Henry L. Doherty & Company

60 Wall Street, New York

BRANCH OFFICES IN PRINCIPAL CITIES

should at least identify the major holding and operating companies, and should associate them with the engineers and managers responsible for their progress.

Investment-Holding Companies

The second classification of holding companies is of those which merely hold securities of other operating or holding companies for investment purposes. In most cases, control is not held over the companies whose securities are carried. Strictly speaking, there are but two representatives of this type of company: the American Superpower Corporation, and Electric Investors Inc.

The Electric Bond and Share Company owns various amounts of securities of some of the companies affiliated with it, but it is understood that management is the primary function of the company, and that the larger portion of its revenue is derived from fees for supervising, construction and financing services.

Electric Bond and Share Company is known to investors through its preferred stock, all of which is held by the public. All of the common stock of the Electric Bond and Share Company is owned by the Electric Bond and Share Securities Corporation, all of whose stock, within the last few months, was distributed to holders of General Electric Company stock. Prior to the organization of the Electric Bond and Share Securities Corporation, all of the common stock of the Electric Bond and Share Company had been from its issuance owned by the General Electric Company. It is, of course, the stock of the Electric Bond and Share Securities Corporation rather than the preferred stock of the Electric Bond and Share Company in which investors have the opportunity of participating in the profits that may come through an expansion in the business of the Electric Bond and Share Company.

Still another offshoot of this type of investment holding company is the United American Electric Companies, Inc., which has deposited with a trustee the common stocks of the so-called "Edison" companies as security for the common stock of the company which was sold to the public. This latter company has no connection with the companies whose stocks are deposited with the trustee, but is merely a modified investment trust sponsored by a firm of investment bankers.

Electric Investors Inc., is an outgrowth of the Electrical Utilities Corporation which had been dealing in the securities of public utilities since 1919. Actually, this company is largely made up of directors directly or indirectly affiliated with the Electric Bond and Share Company, and many of the securities held are those of companies associated with this company. The calibre and judgment of the directors is of highest significance to the purchaser of this stock, because there are "no restrictions upon the board of directors of the company as to the nature of its purchases, nor any limitation upon the proportion of the funds of the company which may be applied to the purchase of securities of any other company—the board of directors being vested with the broadest powers to be exercised on behalf of the company and its stockholders in their best judgment and absolute discretion."

The very conservative investor may shy from any such provision as this, but from the point of view of diversity, and reliance upon the judgment of men who have been eminently successful in the utility field, the common stock of this company has much to commend it. It is stated, too, that the Electric Bond and Share Company is a substantial stockholder in the company.

The American Superpower Corporation is similar to Electric Investors Inc., in many respects, but the capital structure is different, the holdings are not quite so diversified among different companies, and the company has the right to construct, operate, or lease power stations and transmission lines, and to act as fiscal agent for electric power and light companies. The directors, it should be remarked, are representative public utility men, although most of them are connected directly or by ties of common interest with one prominent public utility investment banking house. A safeguard in the case of this company lies in the provision, or rather in the expressed policy, to own no more than 15% of the outstanding amount of the common stock

(*Please turn to page* 576)

Table II—Investments Held by Three Holding Companies

ELECTRIC BOND & SHARE	AMERICAN SUPERPOWER	ELECTRIC INVESTORS, INC.
Amer. Gas & Elec.	Amer. Lt. & Traction	Amer. Gas & Elec.
Amer. Pr. & Light	Commonwealth Pr. Corp.	Amer. Pr. & Light
Amer. & For. Power	Elec. Pr. & Lt. Corp.	Amer. Superpower
Carolina Power	Midwest Utilities	Amer. & For. Power
Elec. Pr. & Lt. Corp.	National Pr. & Lt.	Amer. W. Wks. & Elec.
Lehigh Pr. Sec. Corp.	Pub. Serv. Corp. N. J.	Carolina Power
National Pr. & Lt.	Southeastern Pr. & Lt.	Columbia Gas & Elec.
	Tennessee Elec. Pr. Co.	Commonwealth Pr. Corp.
	United Lt. & Power Co.	Elec. Bond & Share Sec.
	Brooklyn Edison	Elec. Pr. & Lt. Corp.
	Detroit Edison	Lehigh Pr. Sec. Corp.
	Republic Ry. & Lt.	Int. Tel. & Tel.
	Edison Elec. Ill. Bost.	Midwest Utilities
		National Pr. & Lt.
		North American Co.
		Northern States Pr. Co.
		Pacific Gas & Elec.
		Pub. Serv. Corp. N. J.
		Southeastern Pr. & Lt.
		Tennessee Elec. Pr. Co.
		Washington Water Pr.
		Union Carbide and Carbon
		General Electric Co.
		Gillette Safety Razor

THE UNITED LIGHT & POWER COMPANY

GENERAL OFFICES: CHICAGO, ILLINOIS
OPERATING OFFICES: KANSAS CITY, MO.; COLUMBUS, OHIO; DAVENPORT, IOWA; LINCOLN, NEBRASKA; CHICAGO, ILLINOIS

Operators and Engineers of Public Utility Properties throughout the Middle West

Capital and Current Assets Exceeding
$211,000,000.00

The United Light & Power Co.
Illinois Merchants Bank Building
Chicago

What Does the Future Hold in Store for the Gas Companies?

Old Bogy of Electricity Displacing Gas Effectively Dissipated—Industry Now in New Era With Continuation of Expansion of Sales Indicated.

FIFTEEN years ago the predominant question in the minds of those keeping in touch with situation in regard to the gas companies was: What of the future? Had the gas companies any promise for the future or must the industry stagnate and be displaced to a large extent by the use of electricity? Up to that time and since 1900 gas consumption annually had been hovering between 100 billion cubic feet and 150 billion cubic feet for this country and with increasing popularity of the product of the whirling dynamo it was an open question as to whether demand could be increased to any great extent. That gas consumption could be stimulated, and that, to a remarkable extent, is amply proven by the statistics showing gas consumption year by year up to the present time.

More recently, during the past few years, in view of the rapid increase in gas consumption, the question in the minds of many has been has the saturation point been reached? Have the gas companies exhausted all available means for stimulating use of gas? Apparently not, if plans for expansion of plant facilities and opinions of leading men in the industry count for anything. Gas consumption this year is still on the increase and while detailed figures are not yet compiled, it is stated by those in position to know that the curve of the increase shown in the accompanying table is being maintained. Consumption this year, it is estimated, will be well above the 400 billion mark.

There are few perhaps with the exception of those within the industry and those who have made a study of the situation who realize what has taken place in the gas industry within the past ten years. Those unfamiliar with the situation still persist in the belief that gas consumption is in direct competition with that of electricity. With a few small exceptions this is far from being true. Gas used as an illuminant is now regarded as archaic and consumption for this purpose is almost an infinitely small part of the total amount used. More simply it may be stated, both gas and electricity have their places side by side in the public utility field and often use of one stimulates use of the other. Gas can be regarded as the most economical means for production of heat and electricity for power. Each is supreme in its own field and owing to the higher cost the possibility of electricity displacing gas for use in heating in the industrial and the domestic fields seems remote.

Sales of Manufactured Gas in the United States

1901-24 Inclusive

In thousands of cubic feet, 000 omitted.

1901	101,625,366	1909	143,117,693	1917	264,493,003
1902	92,714,667	1910	149,430,549	1918	271,593,141
1903	105,676,479	1911	159,100,674	1919	306,632,786
1904	113,630,140	1912	178,228,754	1920	319,887,813
1905	112,444,237	1913	188,285,840	1921	326,950,900
1906	122,849,725	1914	198,838,834	1922	350,000,000
1907	132,011,582	1915	204,309,522	1923	384,722,000
1908	138,570,073	1916	231,381,313	1924	405,344,000

Extent of the Industry

During the past ten years, the record of consumption of gas compares favorably with that of electricity. The size of the gas industry in this country may be realized from the fact that 52 millions of people are gas consumers being supplied through 70,000 miles of gas mains and 10 million meters. Gas companies have an annual payroll in excess of $55,000,000. While 16,000,000 people are added to the population of this country each decade, about half of them will become gas consumers, and new customers are being added to the books of the gas companies at the rate of 400,000 a year. Certainly this does not give any indication that a saturation point in gas consumption is likely to be reached within the next few years. Gas companies in 1923 expended 450 millions of dollars to keep plant facilities abreast of growing demand.

Going back to the old bogy of electricity displacing gas, a view widely held even in the industry some ten years ago—how is it that gas consumption has made the remarkable strides it has in this period? First, by natural means. Growth of population has naturally stimulated use of gas especially for use in industrial heating. Second, by artificial means. By an intensive use of advertising and by finding hundreds of new ways in which gas can be utilized, chiefly for heating.

During the past ten years, industrial use of gas has increased 1,000% and herein chiefly lies the reason for rapid increase in consumption. Fifty years ago, used almost entirely as an illuminant, and even up until fifteen years ago little progress was made. Five years ago a new era set in for the gas companies, thanks to a large extent to their own intensive efforts and a realization of the needs of the situation. Today, it might well be said that a new gas industry has sprung into existence, not in a spectacular manner but the change has been radical compared with conditions of even five years ago. The application of gas to heating began with the old-style gas range, extended to heating appliances for homes on a small scale until now its use has been extended to virtually all industries where heat is required, including even the giant steel plants in the Pittsburgh district which are the largest consumers of gas in the world. New uses for gas heating are constantly being evolved and are responsible to a large extent for the upward curve in consumption.

Some Developments

One of the most important developments in the gas industry in recent years has been the change from the old method of providing a standard measured in candle power to that of the British Thermal unit system. In other words, in recognition of the fact that gas now is universally the means of generating heat, gas companies are no longer compelled to keep their product to the costly method of providing a high candle power. The practice of

(*Please turn to page* 577)

Are the Tractions on a Sound Foundation?

Recent Encouraging Developments in the Street Railway Industry

STREET Railways in recent years have been confronted with a succession of problems. The severity of these problems has made investors wonder whether the economic foundation of the industry was still sound, and whether surface transportation in cities would no longer be on steel rails.

In a word, the true situation in the street railway industry may still be a cause for uneasiness, particularly as to the future of the smaller companies in light traffic territory. But the companies in many of the larger cities, and the interurban lines between populous centers have been able to improve their earnings and their standing in the community by progressive and even revolutionary action.

1924 Results

Traffic for 1924 was approximately 1% less than for 1923, judging from the results of companies which contribute nearly 85% of the gross revenues of the entire industry in the United States. But if New York City, which showed a gain of about 3.55%, is eliminated from the totals, the decrease in traffic becomes 2.26% for the other companies. The railway operating revenues of this group of companies, including New York, decreased .98%.

Mixed business conditions and the effect of bus competition are given responsibility for these decreases in the American Electric Railway Association Journal. Of more significance than the figures on traffic and gross revenues are those on operating expenses, and on the results of the various classes of large, small, and interurban railways.

Operating costs show some signs of becoming stabilized, a most encouraging development. Over three million additional car miles were operated in 1924 compared with 1923, with a reduction in comparative operating expenses of 1%. Measured in cents per car mile the reduction in cost for the two years was from 34.79 cents to 34.33 cents. These particular figures are taken from detailed statistics on a group of 261 companies which operate nearly 60% of the total trackage for the industry.

Power cost was one of the largest elements in this reduction, and to some extent was due to the more extensive use of light weight cars in place of the older, heavier models. Furthermore, the decreased costs of materials made possible a lower cost of Way and Structures Department. Increased labor costs were largely offset by an increase in the average speed at which the cars were run, thereby giving a larger number of car miles for the same labor cost.

Of all the companies included in the above figures, the combination city and interurban companies made the best showing. The passengers carried in this group increased, the revenues decreased slightly because of a lower average rate of fare, the operating expenses decreased, and the net revenues showed a figure .36% greater than in 1923. This improvement, however, was largely confined to the large companies, those earning in excess of $1,000,000 gross per year.

THE tractions, contrary to public impression, are not defunct. In fact, they are very much alive. Progress is being made to modernize equipment; the fare question seems more or less settled except in such a city as New York; a more intelligent attitude toward motor bus competition is observed, and in general, the industry seems improved.

The medium sized and small companies did very poorly indeed, compared with the previous year. The operating ratio of the medium sized companies rose from 83.44 to 84.76%, whereas that of the companies earning less than $250,000 per year rose from 87.56% in 1923 to 91.94% in 1924.

The larger interurban lines, and those companies in the larger cities made what might be called a satisfactory showing in view of the decreases shown by the other classes and sizes of traction companies. It is therefore becoming increasingly evident that the automobile has reduced the rate of increase in riding, and that the other problems of the street railway companies are still very much alive.

Traffic congestion, bus and automobile competition, and troublesome operating conditions and costs have all kept the street railway operators awake nights. In some cities and states where the cooperation of the authorities and the good will of the public have been secured, these problems are in a fair way of being solved. In fact, much of the financial difficulty that this industry has undergone in recent years may be laid at the feet of municipal authorities. Now, however, there are some indications of a change in sentiment, in many cases forced by receiverships and cessation of service.

Where the street cars have to make their way in a maze of traffic, swift movement of large masses of the population at the times of the peak load has become impossible. Parking, and the driving of cars and trucks in the street car tracks have been the two greatest handicaps to traffic movement. In our large cities, it has become recognized that the great majority of the people are still using the street cars, and that therefore their rights may be considered above those of the minority who are using motor vehicles.

Chief recognition of this theory, strongly advanced by the traction people, has been the elimination of parking between certain hours in many cities, and the awarding of absolute right of way to the street cars on certain traffic arteries.

The part of the companies in the reduction of traffic congestion has been to make scientific surveys of conditions. As direct results of such surveys, many left hand turns have been eliminated in the Loop District of Chicago through re-routing, a turn back system has been put into effect in Pittsburgh which keeps many trolleys out of the congested districts, and similar improvements have been inaugurated in other cities. Furthermore, subway dips for the central portions of such cities as Cleveland have been proposed.

Right of way to the street cars is better appreciated as a necessity when it is discovered that one half of the daily total of passengers in large centers must be moved in a period of only about four hours' duration. It is further asserted by traction authorities that 80% of the riders in cities use the trolleys as against but 20% that use all other forms of conveyance. The plea that the street cars are an economic necessity that must be continued appears to have much justification in fact.

Motor busses are now considered a valuable adjunct by the street railway operators, an attitude that has been rather slow to develop. Complete agreement has not as yet been reached between bus manufacturers and traction operators on the relative efficiency and cost of the two means of transporta-

What is the true relation of a Bond House to Public Utility Financing?

IF the issuance of a new security were a cut and dried affair—then the only work a Bond House could perform would be to bid for the issue and distribute it.

But for each Company there is one RIGHT way to finance. So in each case—in your case—there are problems to be solved. And the correct solution will bring advantages not to be had in any other way.

So the true relation of a Bond House to your financing is a relation demanding constructive thinking and genuine service.

Not only must present costs be considered but your future problems must be anticipated.

You can expect such service only from a record of experience and achievement of similar service rendered to others having problems similar to your own.

We have been identified with the underwriting, either singly or jointly, of issues of the following properties:

American Public Service Co.
Bangor Power Company
Central Georgia Power Co.
Central Illinois Power Co.
Central Indiana Gas Company
Central Indiana Power Co.
Cincinnati Gas & Electric Co.
Cincinnati Gas Transport. Co.
Cities Service Company
Cities Service Power & Lt. Co.
Columbia Gas & Electric Co.
Commonwealth Edison Co.
Cumberland Co. Pow. & Lt. Co.
Durham Public Service Co.
East Ohio Gas Company
Georgia Lt., Power & Rys. Co.
Indiana Electric Corporation
Jersey Central Pow. & Lt. Corp.
Lincoln Gas & Elec. Light Co.
Middle West Utilities Company
Middle West Power Company
Michigan Light Company
Northwestern Public Serv. Co.
Ozark Power & Water Co.
Portland Electric Company
Public Service Co. of Colorado
Public Service Co. of No. Ill.
Shawinigan Water & Pow. Co.
Union Light, Heat & Pow. Co.
United Fuel Gas Company
Virginian Power Company
West Penn Power Company

You may be able to use the experience we have gained from serving Public Utility companies for over 30 years.

A preliminary conference, which will give you some idea of how we would proceed with your problems, will entail no obligation and may serve to show you how real advantages can be effected.

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CHICAGO PHILADELPHIA BOSTON

tion, particularly for moving heavy, concentrated masses of people in the shortest possible time.

This particular moot point will undoubtedly be decided on the record of the next few years, but it may be remarked in justification of the traction operators' attitude that busses have not yet completely superseded the trolley in any city of large size.

Transportation authorities, however, are apparently in accord on the supplementary and auxiliary uses of the bus. Such uses as have so far developed are: extensions to outlying districts; replacement of worn out trolley equipment in sparsely settled territory; de-luxe service on boulevards, and on interurban runs; special charter service for picnic, outings, and even for salesmen's calls; and local service on the same streets where the trolleys are used for express runs.

Sentiment among electric traction people toward the bus is well disclosed by the number of advertisements and articles on bus matters that now appear in their trade journals. By recent count, too, there are now over 3,000 busses in service under the management of street railway companies.

Legislation within the last year has further clarified the obscurity surrounding the motor bus situation. At first, the jitneys and independent motor busses were unregulated as to rates, service, safety, or routes. Now, however, state regulatory commissions have jurisdiction over motor vehicle common carriers in 40 states. Gasolene taxes of varying amounts are now to be found in 20 states, and weight and seat taxes are to be found in a number of states. In other words, the motor bus has come to be considered as a common carrier, and consequently as a public utility. Destructive competition between the bus and the street car is therefore becoming increasingly unlikely, because the commissions require that a certificate of convenience and necessity be issued before a motor bus route can be established, thereby protecting the present transportation facilities.

Fixed Fares

Rising operating costs have been one evil that has beset the electric railways since about 1916, but the fixed fare has been a far greater source of worry—and of receivership. Except in New York City, and in a few other isolated instances, the flexible fare has superseded the fixed rate that was an uneconomic appendage of the short haul horse car days. In Cleveland, Boston, and Pittsburgh, commissions of various kinds are empowered to vary the fare to meet changes in operating conditions. In other cities, too, the commissions or state regulatory bodies have been quicker to give relief when needed.

Busses have been able to break away from the proverbial nickel on the plea that specialized service was being provided, but the prejudice against paying more than five cents for a trolley ride has been slow to pass.

Economically, a low basic fare, combined with distance tariffs as in the case of the steam railroads, appears to be the soundest practice. Weekly passes, and Sunday passes too, have been tried out in several cities, usually with worth while results.

Except where the demagogue controls the purse strings, the trolleys are being given a fair chance to live through necessary changes in fare.

The Electric Railway Industry

It must be thoroughly borne in mind that we are dealing with no obsolete and broken down industry when discussing the electric railways. On the contrary, the industry is very much alive, and most essential to the conduct of business throughout the country. In 1924 nearly 16 billion passengers were carried by the 880 companies in the United States. These companies operate 42,000 miles of track, and have 100,000 cars. An approximation of the number of busses in service during 1924 indicates that 25,000 busses carried 1½ billion passengers. It is hardly fair to the busses to point out that one-fourth as many busses as street cars carried but one-tenth as many passengers, because the rapid transit lines are included in the street railway total of passengers and cars.

Car riding habits have increased from 32 rides per person in 1890 to 117 in 1923. The rate of increase, however, appears to be slowing down, in part due to the increasing automobile registration each year. But the significant fact is that the companies have been able to gain at all in the face of the jump in the number of motor vehicles.

Labor is the largest element in street railway operating cost, approximating 45 cents for every $1 of gross revenues. Steam railroads and the watch making trade are said to be the only two industries that have a higher labor cost in proportion to the gross revenues. Therefore, labor conditions are of the utmost significance to the electric railways. Of possibly large significance is the decision recently handed down in Cleveland, that the street railway authorities are not constrained to enter into a contract with the employes' Union on matters of wages and conditions. The company is carrying out adjustments and negotiations direct with its own employes, who voted not to strike when appealed to by the Union.

Conclusions may be drawn from all that has been discussed to the effect that the electric railway is essentially sound, and that it will continue to be the form of transportation carrying the most passengers. But these conclusions do not mean that certain individual companies are in a sound financial and investment position. Management is of major importance in establishing the earning power of a street railway company, but the attitude of municipal authorities may offset good management by the imposition of unfair treatment on traffic matters, rates of fare, paving charges, and the like. Furthermore, if the traffic is not there to be moved, the company can build up no revenues. Other things being equal, then, the investor should only purchase the securities of large companies operating in centers of heavy passenger movement, where the management is able and progressive, and where the municipal authorities and the riding public show a disposition towards just treatment.

In all cases the busses are not ruinous competitors of the tractions, but in many cases are operated by the Traction Companies as feeders for their main lines

The Outlook for New York Tractions

Mayor Hylan's "Plan"—Probable Results of Municipal Operation—Necessity for New Lines

By WM. CARNEGIE EWEN

THE people of New York City are gradually being brought to a realization that if they want transit relief they must pay for it. New lines cannot be built and operated to pay their way for a five-cent fare, yet new lines *must* be built.

For the past eight years there has been a great deal of talk and political propaganda about the maintenance of the five-cent fare. It is only in a sense, however, that the fare has been maintained at a nickel, for the City of New York pays annually, out of direct taxes, a sum in excess of $10,000,000 as interest on its non-sustaining subway debt, and the free transfer has been eliminated on the surface lines. But during this period of eight years no new subway lines have been built nor are there any practical plans under way for their early construction.

Congestion on N. Y. Lines

As has been mentioned heretofore in the columns of this magazine, it takes from five to six years to construct a subway system of any size, so that if building was started today on a large scale, we would be at least five years away from any relief from present congestion. If traffic on existing lines should remain stationary for the next five or six years, the public could probably manage to get along well enough with present facilities until new lines could be placed in operation. But traffic does not stand still. Statistics show that, in general, the population of New York has been doubling every thirty-three years, while traffic has been doubling about every twelve or fifteen years. At this rate, it has been estimated that the population of New York will cross 7 million before 1932, which would indicate a traffic of over 4 billion annual passengers on all lines of the greater city. This compares with a present traffic of about 2.7 billion annual riders. One needs only to contemplate present congestion on all lines to realize the very alarming and serious situation that will confront New York in the next few years.

Cost in Excess of 5-cent Fare

The greatest blow that the champions of the five-cent fare have yet received, came the other day when Mayor Hylan's "Board of Transportation" made its report to the Board of Estimate and Apportionment on the proposed new municipal subway lines. The "Board of Transportation" must not be confused with the "Transit Commission." The latter is a State body and has jurisdiction over existing lines, while the "Board of Transportation" was created under the "Home Rule" legislation of last year, and is strictly a Municipal body, appointed by the Mayor, with powers to supervise the

DUE to a long and bitter political fight between various factions in New York City politics, there has been practically no improvement in the traction situation of that city. The fight centers around the five-cent fare question. In the meantime congestion increases and the various transportation facilities are utilized to maximum. Though the city suffers from this inadequate arrangement, it is obvious that existing lines are benefiting to the extent that they are taking care of a huge amount of business without increasing their expenditures.

construction and operation of new lines which the city now has power to build, own and operate.

The law provides, however, that new lines, municipally operated, must be "self-sustaining." That is, after a "test period" of three years in which the fare may be five cents, the fare must be increased, if necessary, to a rate sufficient to cover all expenses of every nature including interest and sinking fund on debt as well as adequate maintenance and depreciation charges. The law further provides that before contracts may be let for the construction of any new lines, the "Board of Transportation" must submit a report containing estimates of the cost both of constructing and operating the proposed new lines. It was under this provision of the law that John H. Delaney, chairman of the "Board of Transportation," issued his report.

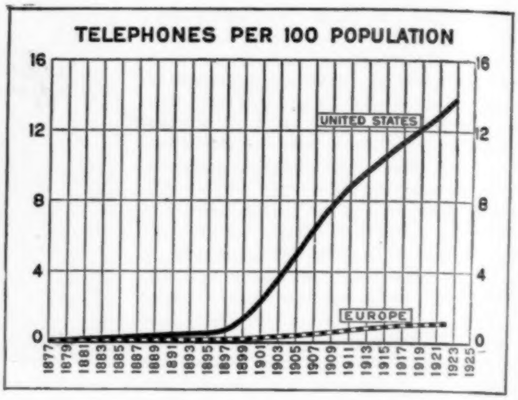
Very apparently in an endeavor to justify, in some measure, Mayor Hylan's eight year stand on the five-cent fare, the "Delaney Report" puts forth a scheme to maintain the five-cent fare by suggesting that out of a total estimated cost of $542,915,000, a huge assessment of $325,445,000 be levied against private real estate. It is very evident that such a plan is fantastical, if not impossible of accomplishment under the laws. On the other hand, this report estimates that if the cost of construction and equipment is financed entirely by the issuance of City of New York 50-year bonds, *the amount of fare required to cover costs would be eight cents.*

Even this estimate that the fare required on the new lines would be eight cents has more or less of a "string tied to it." The "Board of Transportation's" figures showed that a density of traffic far exceeding the present congestion on the Interborough and B. M. T. subways would be needed to make the proposed new independent lines pay on an eight-cent fare. In all probability, the actual results of operation of a new municipal subway system would require a fare of 10 cents—if not more—to cover full expenses.

New Lines Must Be Built

After all, the transit situation in New York simmers down to two fundamentals—traffic and costs. Existing lines are already called upon to carry an annual traffic which crowds the cars on some lines almost to the suffocation point during rush hour periods. Still this traffic continues to increase week in and week out. Sooner or later a point will be reached where it will be a really serious proposition for residents in certain sections of the city to ride to their places of business at all, let alone ride in comfort. Facilities *must* be increased; new lines *must* be built. Apparently, however, new lines can't be built and operated except at a fare considerably above five cents.

All this leads me to view the N. Y. City traction security situation hopefully.



Fifty Years of Telephony

Astonishing Telephone Development of the Last Half Century—A. T. & T. One of Our Few Billion Dollar Corporations—Government Operation on the Wane — The Telephone and the Radio.

NO one need be told that the telephone is an indispensable adjunct of modern civilization. Nor is it necessary to state that if telephone operations were suspended in this country American business would come to a dead halt. At one swoop the entire mercantile, financial and social structures of the country would retrograde half a century.

For it was on June 2, 1875, that Alexander Graham Bell made the discovery which lead to the creation of the first speaking telephone. While experimenting with his harmonic telegraph in 1875, Professor Bell made the following famous and significant observation to his associate, Thomas A. Watson, to wit:

"If I could make a current of electricity vary in intensity precisely as the air varies in density during the production of sound, I should be able to transmit speech telegraphically."

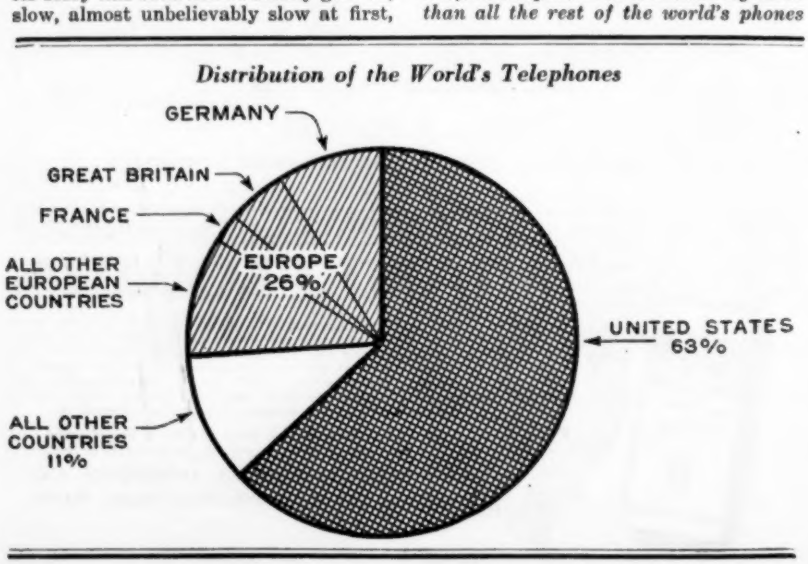
Eventually, he did and he could. On October 9, 1876, Dr. Bell talked from Boston to his associate, Watson, over two miles of telegraph line. The telephone had arrived. From that time on its story has been one of steady growth, slow, almost unbelievably slow at first, and then by leaps and bounds until it has outdistanced anything anyone ever remotely conceived in the wildest flights of imaginings.

Today, the United States leads the world in telephony in every respect. Looking back it is of interest to note that the first twenty years of commercial growth of the telephone were years of slow progress. A graph giving the number of telephones per 100 population from 1877 to date, shows an almost flat line from 1877 to 1897. Then, in 1897, as though the people of America awoke as one to the possibilities of the telephone, the curve leaps upwards at a startling angle and one which, to date, has never turned downward.

More Than Half of World's Total

Latest figures on the world's telephones are as of January 1, 1923. On that date this country had 14,347,395 telephones or 62.6% of the world's total of 22,904,415 phones, All Europe had only 5,863,684 phones, or 25.6% of the world's total. Today, the United States has in the neighborhood of 16,000,000 telephones or *considerably more than all the rest of the world's phones together*. And the United States has only 5.2% of the world's land and 6.3% of the world's population. Americans are telephone addicts. That fact may have something to do with the tremendous material prosperity of this country. New York and Chicago, for example, have more telephones combined than the Kingdom of Great Britain and the Republic of France put together. The telephone is indissolubly woven into the warp and woof of our daily existence.

Distribution of the World's Telephones



The Great Bell System

The story of the development of the telephone in this country is the story of the growth of the Bell system, known as the American Telephone & Telegraph Co. That organization is among the greatest industrial and financial units in this country and hence in the world. Its authorized capitalization consists of approximately $393,802,000 funded debt and $917,344,372, $100 par stock. The company's total capital liabilities, therefore, aggregate $1,311,146,372.

The American Telephone & Telegraph Co. is a national institution. It has the largest list of stockholders of any corporation, the number totaling approximately 350,000. Each year nearly 15 billion exchange messages and 600 million toll messages pass over the company's wires. That is an average of one conversation daily for each three persons in the United United States. It is in closer touch with the people than the post office which handles 12 billion letters annually. To take care of its enormous business the Bell system has developed a plant with a book value of 2¼ billion dollars but with a much greater actual value. Nearly 40 million miles of wire, aerial and underground, constitute the arteries and veins of this great system. At the end of last year the total assets of the Bell system were $2,664,194,546.

A. T. & T. common is a poor man's stock as well as a rich man's. Average holdings of this issue are 26 shares as

(Please turn to page 589)

Statistics and Comment on Leading Public Utility Issues

BONDS

I—Operating Companies

	Description	Maturity	Total Funded Debt (In Millions)	Total Capitalization (In Millions)	Per Cent in Bonds	Am't Outstanding this Issue (In Millions)	All Interest Times Earned 1924	Market	Recent Price	Yield	COMMENTS
Brooklyn Edison	Gen. Mtge. Series A. 5s	1949	45.6	105.3	43.3	30.5	4.31	New York Stock Exchange	102	4.85	Preceded by only 11.9 millions underlying bonds; secured equally with series "B," "C" and "D"; direct obligation; followed by large equity built up from common stock financing; highest grade of electric light and power bond.
Commonwealth Edison	1st 5s	1943	89.7	176.0	50.9	45.7	3.23	Chicago Stock Exchange	100½	4.95	Absolute first mortgage; yield naturally low, but safety unquestioned; Insull management.
Consol. Gas & Elec. Lt. & Pw., Bal	1st Ref. Mtge. S. F. Series E 5½s	1952	57.6	87.6	65.7	5.0	2.33	Baltimore Stock Exchange	106	5.10	Blanket mortgage; contains 1% sinking fund; $100,000,000 authorized; secured equally with other refunding bonds of same series; additional bonds issuable for 80% of cost of additions and improvements; a sound bond.
Laclede Gas	1st Mtge. Col. & Ref. Series C 5½s	1953	27.5	40.7	67.5	17.5	2.12	New York Stock Exchange	101	5.45	Open end mortgage of modern type; additional bonds issuable for 80% of cost of additions, etc., if interest is earned 1½ times. Earnings have improved materially during last two years. Funded debt now in a secure position; a good bond.
Los Angeles Gas & Elec.	Gen. & Ref. Series G 6s	1942	43.3	69.9	61.9	4.0	2.44	San Francisco Stock Ex.	§104	5.15	Authorized $75,000,000; issuable for 75% of cost of additions, etc., if net earnings are 1¾ total interest charges; Sinking fund of 1¾ of aggregate bonded indebtedness. One of the most attractive utility bonds.
Milwaukee Elec. Ry. & Light	Ref. & Ext. 4½s	1931	47.1	71.1	66.1	6.7	*2.76	New York Stock Exchange	97	5.10	Closed mortgage; North American Co. Subsidiary; excellent underlying bond on well managed property.
N. Y. Telephone	Ref. 6s	1941	136.2	365.8	37.2	49.6	2.54	New York Stock Exchange	108	5.25	Secured on all property of company in State of New York and on securities, including controlling interest in Bell Telephone Co. of Penn. Highest grade of Telephone Bond.
Pacific Gas & Electric	1st Ref. Series C 5½s	1952	153.3	250.5	61.1	45.0	2.06	Los Angeles Stock Exchange	102	5.35	Sinking fund of 1% and reserve fund of 4% of total bonds for maintenance, renewals or for purchase of underlying or 1st and Ref. bonds. Direct first mortgage—open end—issuable for 75% of cost, etc., if interest is earned 1¾ times. Good bond, well protected.
Philadelphia Electric	1st Lien & Ref. 5½s	1947	80.2	145.2	55.2	7.3	2.53	Philadelphia Stock Exchange	106	5.05	Sinking fund of 1%; open end mortgage issuable for 75% of improvements if interest is earned 1¾ times; excellent operating company—interest earned not less than 2 times since 1919.
Southwestern Bell Telephone	1st Ref. 5s	1954	55.7	152.4	36.5	49.7	4.20	New York Stock Exchange	101½	4.90	Open end; amount outstanding cannot exceed twice amount of capital stock; covers all real estate, plant, etc.—owned in States of Missouri, Oklahoma and Texas. Subject only to $5,965,000 closed mortgage; a superior grade of telephone bond; interest well covered.

II—Holding Companies

	Description	Maturity	Total Bonds and Notes Outstanding (In Millions)	Amount Outstanding this Issue (In Millions)	Bond and Note Interest Times Earned	Market	Price	Yield	COMMENTS
Amer. Gas & Elec.	Deb. 6s	2014	45.6	39.4	4.93	New York Curb Market	98	6.10	One of the strongest examples of holding company long term debentures; a first class investment.
Amer. Water Works & Elec.	Col. Trust 5s	1934	146.6	13.6	†4.86	New York Stock Exchange	95½	5.65	Direct obligation secured by pledge of stocks of subsidiaries—a good collateral trust issue.

Brooklyn Manhattan Transit......	6s	1968	139.2	92.6	‡1.51	New York Stock Exchange	91	6.65	The healthiest of the New York City traction and rapid transit companies; growth of Brooklyn stimulating earnings; not an investment but a legitimate purchase for a high yield.
Cities Service Power & Light.....	6s	1944	20.0	20.0	*4.80	New York Curb Market	93½	6.60	H. L. Dougherty management, well secured; chance for capital appreciation.
Commonwealth Power Corp., Mich.	6s	1947	97.2	11.4	7.66	New York Stock Exchange	102	5.85	Now among the best holding companies—an attractive bond.
Nat'l Power & Light.............	Income 7s	1972	8.5	8.5	4.80	New York Curb Market	103	6.80	Electric Bond and Share management; 50% traction, but now a sound property. Only fairly attractive at present levels.
Public Service of N. J............	6s	1944	236.9	20.0	†2.47	New York Stock Exchange	99	6.05	Diversified subsidiary properties; good high yield bond.
Standard Gas & Elec.............	6s	1935	27.8	15.0	2.70	New York Stock Exchange	99	6.15	Now has large equity in junior securities; Byllesby holding company; sound investment of medium grade.

*Before depreciation. †Holding Company only. ‡Year ended June 30, 1924. §Bid price.

Preferred Stocks

I—Operating Companies

	Dividend Rate ($)	Total Capitalization (In Millions)	Total Preferred Stock Outstanding (In Millions)	Per Cent in Preferred	Total Preferred Dividends Times Earned 1924	Price	Yield (%)	Market	COMMENTS
Central Illinois Light Co..........	6	18.9	4.7	23.8	2.86	85½	7.0	Over the Counter	Subsidiary of Commonwealth Power Corporation; small company but strong preferred stock.
Consolidated Gas of Baltimore....	8	87.6	11.0	12.5	5.95	123½	6.5	Baltimore Stock Exchange	One of the best operating company preferred stocks; followed by equity of $28,071,520 market value of common stock.
Consumers Power...............	6.6	96.2	27.3	28.3	3.98	100	6.6	Over the Counter	A "customer ownership" preferred; widely held in Michigan; pays dividends monthly; chief subsidiary of Commonwealth Power Corporation; Hodenpyl, Hardy management.
Duquesne Light.................	7	86.7	25.0	28.8	2.48	§110	6.3	New York Stock Exchange	Company supplies electricity to Pittsburg district; first class preferred.
N. Y. Telephone.................	6½	365.8	25.0	6.8	9.37	112	5.8	New York Curb Market	The best of telephone preferred stocks; practically as good as a bond.
Northern Indiana Gas & Elec......	7	36.8	7.0	19.0	3.09	98	7.1	Over the Counter	A good issue. Growing territory.
Pacific Gas & Electric............	6	250.5	54.4	21.7	2.16	97	6.1	Over the Counter	Safe investment. Able management.
Penna Power & Light............	7	63.9	22.9	35.8	*4.18	104½	6.7	New York Curb Market	Another "customer ownership" stock; Electric Bond and Share management; a rapidly growing company.
Utah Power & Light..........	7	99.7	19.0	19.0	1.75	101½	6.8	Over the Counter	Moderately strong stock; good rate of return.
West Penn Power..............	7	63.0	12.2	19.3	3.63	110	6.3	New York Stock Exchange	Underlying subsidiary of American Water Works and Electric; excellent stock.

Utility Preferred Stocks—Continued

II—Holding Companies

	Dividend Rate ($)	Total Capitalization (In Millions)	Total Preferred Stock (In Millions)	Per Cent in Preferred Stock	Interest and Preferred Dividends Times Earned	Total Preferred Dividends Times Earned	Price	Yield (%)	Market	COMMENTS
American Gas & Electric	6	77.3	†19.2	24.9	3.21	7.35	91	6.5	New York Curb Market	A holding company preferred of the highest order; little fluctuations in price to be expected.
Consolidated Gas of N. Y.	3½	354.2	15.0	4.2	4.16	27.90	¶59	5.9	New York Stock Exchange	A premier investment stock; practically second to none in its class.
Metropolitan Edison	7	42.1	7.3	17.3	1.64	2.64	¶102	6.8	New York Stock Exchange	Both an investment and a speculation; participates equally with common stock after latter has received $4 in any one year. Chief subsidiary of General Gas & Electric.
Middle West Utilities	7	62.5	44.9	71.8	1.36	1.50	103	6.7	New York Curb Market	Participates an additional 1% if common pays over $5.
North American Co.	3	291.9	29.0	9.9	‡	7.87	49	6.1	New York Stock Exchange	Rapidly strengthening position; a good purchase. Strictly in the investment class.
West Penn, Co.	7	149.7	22.1	14.7	1.16	1.79	98	7.1	New York Stock Exchange	Owns West Penn Powers Company; a good stock with rather high return.

*Before depreciation. †50 Par. ‡No funded debt. ¶Bid price.

Common Stock

I—Operating Companies

	Number of Shares Outstanding	Common Stock Per Cent of Total Capitalization	Earned Per Share ($) 1924	Price	Per Cent Earned on Market Price	Dividend ($)	Yield (%)	Market	COMMENTS
Brooklyn Edison	597,544	56.6	11.81	135	8.7	8	5.9	New York Stock Exchange	In splendid territory with room for growth; periodic rights to subscribe increase yield.
Detroit Edison	624,584	45.9	9.97	123	8.1	8	6.5	New York Stock Exchange	Offers a better return than Brooklyn Edison; very desirable as a permanent equity investment.
Edison Elec. Illuminating of Boston	467,141	59.8	16.87	210	8.0	12	5.7	Boston Stock Exchange	A premier common stock investment; highly regarded in New England.
Pacific Gas & Electric	477,958	18.5	8.83	112	7.8	8	7.1	New York Stock Exchange	Not as strong as others mentioned, but gradually improving in investment position.
Peoples Gas of Chicago	385,000	33.8	11.10	117	9.4	8	6.8	New York Stock Exchange	Now in the class with the electrical company stocks; may be purchased as an investment.
Philadelphia Electric	2,392,972	41.1	2.53	39	6.4	2	5.1	Philadelphia Stock Exchange	Proposed expansion may detract temporarily from desirability compared with other stocks.
Southern California Edison	469,246	25.6	nil	118	None	8	6.8	Los Angeles Stock Exchange	The pioneer "customer ownership" common stock; state and commission undoubtedly will protect investment position. Low earnings last year due to drought. Average for 10 years ended with 1923, 8.38% on original preferred and common stocks.

II—Holding Companies

	Number of Shares Outstanding	Gross Earnings, Subsidiaries (In Millions)	Consolidated Earnings to Common After Depreciation (In Millions)	Earned Per Share ($) 1924	Price	Per Cent Earned on Market Price	Dividend ($)	Yield (%)	Market	COMMENTS
Amer. Telephone & Telegraph	9,173,443	154.0	91.0	11.31	141	8.0	9	6.3	New York Stock Exchange	Unquestioned investment position.
[a]Associated Gas & Elec......	500,000	9.3	*1.3	*2.60	33	7.8	2½	7.5	New York Curb Market	A company under J. G. White management; will do better in the future.
Commonwealth Power Corp..	200,000	[b]31.5	2.2	10.62	162	6.5	6	3.7	New York Curb Market	The new stock should be purchased on any sizable reaction for long-pull appreciation; very sound company; diversified territory.
Consolidated Gas of N. Y....	3,600,000	126.4	26.9	7.48	87	8.5	5	5.8	New York Stock Exchange	Gradually leaving the speculative class; well protected by recent court decisions.
Electric Power & Light.....	1,541,019	35.2	*3.9	*2.54	36	7.0	..	..	New York Stock Exchange	Will increase in market value over a period of years, but is now inflated compared with present earning power.
Federal Light & Traction....	¶367,425	5.6	1.2	§2.87	33	8.6	[d]1.40	4.2	New York Stock Exchange	A good smaller company; small amount of the stock desirable for diversification of holdings.
Middle West Utilities........	202,050	41.4	1.3	6.55	91	7.1	5	5.5	New York Curb Market	Has appreciated relatively less in market price than many other large holding company stock; company and management excellent; to be recommended.
National Power & Light......	122,078	22.8	2.6	16.20	338	4.7	6	1.7	New York Curb Market	Will appreciate further with probable split-up, but too erratic for most investors.
North American Co..........	2,923,651	80.1	9.2	3.16	49	6.6	e	6.8	New York Stock Exchange	For slow appreciation and good return; exceptionally strong subsidiaries.
Philadelphia Co.............	928,860	39.8	5.4	5.91	60	9.8	4	6.6	New York Stock Exchange	Fairly attractive; large percentage of gross revenue from natural gas and traction; excellent management.
Public Service of N. J........	824,040	87.6	5.4	6.57	68	9.6	5	7.3	New York Stock Exchange	Rather high at present.
Standard Gas & Elec.........	410,917	49.9	2.0	6.61	51	12.9	3	5.8	New York Stock Exchange	A company that has been slow in building real equity behind the common stock, but will be in the first rank in a few years.
United Gas Improvement.....	1,220,596	[c]9.5	7.6	[b]6.28	88	7.1	4	4.5	Philadelphia Stock Exchange	Will bear watching; aggressive policy of expansion; one of the oldest holding companies.

a—Combined A & B shares outstanding. ¶ Stock split up 5 for 1. b—Preliminary. * Before depreciation. § Figured on present number of shares outstanding. c—Holding company only. d—Partly stock. e—Payable quarterly 10% in stock. Last div. at 4.80 annual rate.

Statistical Comparison of Public Utility Common Stocks

Listed N. Y. Stock Exchange

	$ Earned Per Share 1923	$ Earned Per Share 1924	$ 1st Quarter 1925	Dividends $ Per Share 1923	Dividends $ Per Share 1924	Current $ Rate	Recent Price	Yield (%)
All America Cables	10.99	13.36	3.44	6	6¼	7	133	5.2
American Tel. & Tel.	11.35	11.31	2.91	9	9	9	141	6.3
*Amer. Water Wks. & Elec..	13.69	2.75	1.27	..	..	1.20	63	1.9
Brooklyn Edison Co.	13.07	11.81	N.P.	8	8	8	135	5.9
†Brooklyn Manhattan	¶	3.32	1.15	..	..	..	52	..
Brooklyn Union Gas	9.33	9.14	N.P.	8	4	4	89	4.5
Columbia Gas & Elec.	3.70	4.41	1.57					
Consolidated Gas of N. Y. .	7.77	7.48	N.P.	5	5	5	88	5.7

(Please turn to page 558)

Statistical Comparison of Public Utility Common Stocks—Continued

Listed N. Y. Stock Exchange

(*Continued from page 557*)

	$ Earned Per Share 1923	$ Earned Per Share 1924	$ 1st Quarter 1925	Dividends $ Per Share 1923	Dividends $ Per Share 1924	Current $ Rate	Recent Price	Yield (%)
Detroit Edison	11.85	9.97	3.88	8	8	8	123	6.5
§Federal Light & Traction	18.75	14.35	1.07	a4½	a7	a1.40	34	4.1
Hudson & Manhattan R. R.	2.73	3.30	0.97	..	..	2½	32	7.8
†Interboro Rapid Transit .	def.	def.	0.34	..	..	..	27	..
International Tel. & Tel. ..	8.40	18.11	3.06	6	6	6	117	5.1
Laclede Gas	15.29	15.35	N.P.	b14	c8¼	8	157	5.0
†Manhattan Railway	3.74	4.18	N.P.	..	..	..	78	..
dManila Electric	15.15	4.01	1.18	8	6	2½	46	5.4
Market St. Railway	NIL	NIL	NIL	..	..	..	10	..
Montana Power	4.80	4.49	1.73	3½	4	4	82	4.9
Newp't News & Hampt.G.&E.	6.64	6.78	N.P.	5	5	5	86	5.8
Niagara Falls Power	‡8.95	°2.44	0.58	8	3½	2	68	2.9
North American Co.	3.11	3.16	0.87	e1.75	3.40	k	48	7.0
Pacific Gas & Electric.....	10.25	8.83	2.98	f6	8	8	115	7.0
Pacific Tel. & Tel.	0.66	0.80	N.P.	..	..	5	100	5.0
Peoples Gas, of Chicago ...	10.91	11.10	N.P.	6	7	8	117	6.8
Philadelphia Company	7.47	5.91	1.73	3½	4	4	60	6.7
Public Service Corp. N. J.	5.69	6.57	1.21	5	4¼	5	68	7.4
Radio Corp. of America ...	g0.28	h4.98	1.36	..	..	..	56	..
Standard Gas & Electric ...	7.75	6.61	N.P.	1¼	2.87½	3	53	5.7
Third Avenue R. R.	1.82	0.45	def.	..	..	..	13	..
Twin City Rapid Transit ..	6.18	4.18	1.66	6	4	4	68	5.9
United Railways Investment	NIL	NIL	N.P.	..	..	..	30	..
Virginia Railway & Power .	5.23	5.68	1.58	..	..	..	119	..
West Penn. Company	7.52	6.49	3.16	2	4	4	128	3.1
Western Union Telegraph .	11.63	12.36	3.21	7	7	7	132	5.3

*Earnings based on $100 par value in 1923 and $20 par value in 1924.

¶Company reorganized.

†Year ended June 30.

‡Not including 3 9/20% paid on capital stock.

§Common Stock split up 5 for 1; earnings for the 1st quarter are figured on new capitalization.

aPaid partly in preferred stock.

bIncludes 7% extra.

cIncludes 1% extra.

dCommon Stock split up 4 for 1; earnings for 1924 and the 1st quarter of 1925 are figured on the new capitalization.

eDoes not include 2½% paid on common stock ($50 par) and 2½% ($10 par).

fAlso 2% in common stock.

gBased on 5,777,000 shares of no par common. k See footnote E page 557.

hBased on 1,155,400 shares of no par common.

‡Based on stock of $100 par value, which was split up 4 for 1.

°Based on no par shares outstanding at the end of the year.

N.P. Not Published.

for Economical Transportation

CHEVROLET

$6,000,000 worth of Chevrolet cars bought on the 6% Purchase Plan

Paying down as little as $5 and saving the balance in small weekly or monthly amounts which earn 6% interest has made it easy and profitable for thousands of people to own Chevrolet cars.

The funds collected for this purpose by more than 2100 Chevrolet dealers, amounting to several hundred thousand dollars, are carried in trust accounts in their own banks located in the communities in which the purchasers reside. This increases the money on deposit in these communities and leaves it available for local projects.

Thus the Chevrolet 6% Purchase Certificate Plan benefits the buyer, the dealer, the banker and the whole community.

CHEVROLET MOTOR COMPANY, DETROIT, MICH.
DIVISION OF GENERAL MOTORS CORPORATION

The Chevrolet 6% Purchase Certificate makes it possible for thousands to obtain the advantages of an automobile

UNLISTED UTILITY BOND INDEX

(IN ORDER OF PREFERENCE)

POWER COMPANIES

	Investment Grade	Bid Price	Asked Price	*Yield
Indiana Power Co. 7½s, 1941	B	103	105	6.95
Nevada-California Electric 1st 6s, 1946	B	99½	100	6.00
Tennessee Power Co. 1st 5s, 1962	A	95½	97	5.15
Alabama Power Co. 1st Ln. & Ref. 6s, 1951	A	104¼	105¾	5.55
Appalachian Power Co. 1st 5s, 1941	A	99	99½	5.10
New Jersey Power & Light 1st 5s, 1936	B	96	97¼	5.35
Illinois Power & Light 1st & Ref. 6s, 1953	B	102½	103½	5.75
Appalachian Power Co. 7s, 1936 (Non-Callable)	B	106	108	5.95
Binghamton Lt., Heat & Power 1st Ref. 5s, 1946	B	98	98½	5.05
Idaho Power Co. 5s, 1947	A	96½	97½	5.15
Texas Power & Light Co. 1st 5s, 1937	B	98⅞	99⅜	5.20
Central Indiana Power 1st Col. & Ref. 6s, 1947	C	98½	99½	6.05
Central Ga. Power Co. 1st 5s, 1938	B	97	97½	5.20
Kansas Electric Power 1st Series A, 6s, 1937	B	102	104	5.50
Consumers El. Lt. & Pwr. New Orleans, 1st 5s, 1936	B	96¼	97¼	5.35
Niagara Falls Power 1st & Cons. Mtge. 6s, 1950	A	105	106	5.60
Washington Coast Utilities 1st Mtge. 6s, 1941	B	102	104	5.70
Ohio Power Co. 1st Ref. 7s, 1951	A	106¼	107	6.45
Great Western Power Co. 5s, 1946	A	98¼	99	5.05
North Carolina Public Service 1st 5s, 1934	B	92½	94½	5.80
Public Service Corp. of N. J. 6s, 1944	B	99	100	6.00
Parr Shoals Power Co. 1st 5s, 1952	B	95	97	5.10
Yadkin River Power 1st Mtge. 5s, 1941	A	99¼	99½	5.05
Mississippi River Power 1st 5s, 1951	A	99½	100	5.00
Nebraska Power Corp. 1st 5s, 1949	A	99¼	100	5.00

GAS AND ELECTRIC COMPANIES

	Investment Grade	Bid Price	Asked Price	*Yield
Wilmington Gas Co. 5s, 1949	B	93	95	5.35
Cons. Cities Light, Power & Traction 1st 5s, 1962	B	81¼	81½	6.25
Seattle Lighting Co. Ref. 5s, 1949	B	91½	93	5.50
Burlington Gas & Light 1st 5s, 1955	B	91½	93	5.45
Twin State Gas & Electric Ref. 5s, 1953	B	93¼	94¼	5.45
United Light & Railways 6s, 1952	B	100	101	5.95
Tri-City Railway & Light 5s, 1930	B	98¾	100	5.00
Dallas Power & Light 6s, 1949	A	103	105	5.60
Oklahoma Gas & Electric 1st & Ref. 7½s, 1941	B	107½	...	...
United Light & Railway 5s, 1932	B	96⅝	97⅜	5.60
Pacific Gas & Electric 1st & Ref. 5½s, 1952	A	102¼	102⅝	5.30
Rochester Gas & Electric 7s, Series B, 1946	B	110	111	6.10
New York & Richmond Gas 1st Ref. 6s, 1951	C	102	102½	5.80
Portland Gas & Coke 1st 5s, 1940	B	96½	98	5.20
Indianapolis Gas Co. 1st 5s, 1952	B	97½	98½	5.05

TRACTION COMPANIES

	Investment Grade	Bid Price	Asked Price	*Yield
Galveston-Houston Electric Railway 1st 5s, 1954	B	85	86½	6.00
Minn. Street Ry. & St. Paul City Ry., Jnt. 5s, 1928	B	97	98	5.70
Northern Ohio Traction & Light 6s, 1926	B	99	99¾	6.20
Knoxville Railway & Light 5s, 1946	C	93½	95	5.40
Columbus Street Railway 1st 5s, 1932	B	95	96	5.75
Kentucky Traction & Terminal 5s, 1951	C	80½	81½	6.50
Nashville Railway & Light 5s, 1953	B	95	97	5.20
Memphis Street Railway 5s, 1945	C	75	77	7.20
Schenectady Railway Co. 1st 5s, 1946	C	75	80	6.80

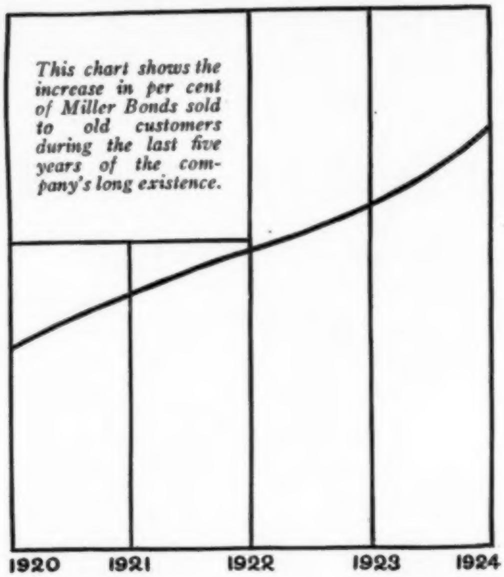
HOLDING COMPANIES

	Investment Grade	Bid Price	Asked Price	*Yield
American Power & Light 6s, Series A, 2016	B	97	98	6.10
Standard Gas & Electric Co. 6s, 1935	C	99	101	5.95
Virginia Power Co. 1st 5s, 1942	B	95¼	96	5.40
General Gas & Electric s. f. 7s, 1952	B	104½	105½	6.45
American Gas & Electric 6s, 2014	B	98	98¾	6.05
Middle West Utilities 8s, 1940	A	108¼	109¼	7.00
Jersey Central Power & Light 1st 6½s, 1948	B	109	110	5.70
Southwestern Power & Light 1st Mtge. 5s, 1943	B	95¼	96	5.40
Central Power & Lt. 1st Pr. Ln. 6s, 1946	B	100¼	101¼	5.90

TELEPHONE AND TELEGRAPH COMPANIES

	Investment Grade	Bid Price	Asked Price	*Yield
Pacific Tel. & Tel. 5s, 1952	A	98⅝	99	5.05
Southern California Telephone 1st & Ref. 5s, 1947	A	98½	100	5.00
Home Tel. & Tel. Co. of Spokane 1st 5s, 1936	A	98½	99½	5.05
Chesapeake & Potomac Tel. Co. (Va.) 1st 5s, 1943	A	97½	99½	5.05
Houston Home Telephone 1st 5s, 1935	A	99	100	5.00
Ohio State Telephone Co. Ref. 5s, 1944	A	99½	101	4.95
Western Tel. & Tel. Collateral Trust 5s, 1932	A	100	100⅛	4.95

* Yield computed at the asked price.



Here is the Miller "Life-line" of satisfied customers

"This year's sales are far ahead of last year's," said our sales manager with pride. But if his information stopped there, his statement would be without full significance to us, our prospects and our customers. It would tell nothing about the true feelings of investors toward Miller Bonds.

"What percentage of our sales increase was due to old customers?" we asked the sales manager. "Sixty-five per cent," he answered, pointing to the Life-line Chart. "This line shows the way sales to old customers have grown. The man or woman who invests $1,000 with us commonly returns to invest $10,000 or $15,000."

Here, indeed, is significant information for the experienced investor. This increased buying by old customers shows their satisfaction with Miller Bonds. It shows the success of our customers in building personal fortunes, and their determination to continue with the same satisfactory type of investment. It stands for absolute confidence in the Miller issues and in the Miller methods of dealing with customers. It is the highest compliment that can be paid the investment house!

Yet increases in sales to old customers give but one important reason for you to consider Miller Bonds at this reinvestment period. Remember that while sales have grown, capital and surplus have also grown—on the average of 100 per cent each year. Each issue of Miller Bonds is secured by a first mortgage on an independently appraised office building, hotel or apartment structure.

Interest up to 7 per cent.
Normal federal income tax refunded.
Various state taxes refunded or paid.
Genuineness of each bond certified by a bank.
Denominations—$100, $500, $1,000.
Bonds with an unconditional and independent guarantee of princial and interest available, if desired.

It will pay you, now that we are in the reinvestment period, to find out more about investing in Miller Bonds. Write for Booklet 814 and descriptions of current offerings paying interest up to 7 per cent.

G. L. MILLER & CO.
INCORPORATED
30 East 42nd Street, New York City

NO INVESTOR EVER LOST A DOLLAR IN

MILLER *FIRST MORTGAGE* BONDS

IMPORTANT CHANGES IN CAPITALIZATION OF LEADING COMPANIES

Proposed Changes

(*Continued from page* 510)

except the tanker, "Solana" $8,500,000
California interests and Herbert Fleishhacker (affiliated with the DOLLAR LINE) have instructed the Guarantee Trust Co. to offer $10.50 cash for each of the remaining 150,000 shs. outstanding (of which 92,794 shs. are owned by the AMERICAN INTERNATIONAL CORP.)

PACKARD MOTOR CAR CO.

Aug. 31—To retire: at $110, all 7% Cum. Pfd. $9,500,000

PAN AMERICAN PETROLEUM & TRANSPORT CO.

Stockholders to be offered right to subscribe to Stk. of the PAN AMERICAN WESTERN PETROLEUM CORP.

PARK & TILFORD, INC.

To form a new Co. to take over and operate the recently acquired OVERHOLT DISTILLERY in Pittsburgh.

PEOPLE'S GAS LIGHT & COKE CO. OF CHICAGO

Until July 17—Cap. Stockholders of record June 17 have right to subscribe, at $100, to 1 sh. new Cap. Stk. for each 10 shs. held $3,850,000

PITTSBURGH STEEL CO.

Aug. 20—To increase: Auth. Com. Stk. from $19,500,000 to $39,500,000. To authorize: an issue of $2,500,000 unsecured short term Notes. (All of the notes, and part of the new Stk., are to be used to purchase the $6,000,000 Cap. Stk. of the PITTSBURGH STEEL PRODUCTS CO., with plants in Allenport and Monessen, Pa., manufacturing seamless tubes.)

PUBLIC SERVICE CORP. OF NEW JERSEY

Until Aug. 1—All classes of Stockholders of record June 5 have right to subscribe, at $62.50, to 1 sh. new Com. for each 10 shs. held ....shs 131,200

PUBLIC SERVICE ELECTRIC & GAS CO. (Subs. of PUBLIC SERVICE CORP. OF N. J.)

To issue: 1st & rfndg mtg. 5½s $2,500,000

READING CO.

Until Dec. 31—Com and 1st & 2d Pfd. Holders of record Dec. 17, 1923, have right to purchase, at $4, 1 sh. no par stk. of PHILADELPHIA & READING COAL & IRON CORP. for each 2 shs. of Reading held ....shs 1,400,000

ST. LOUIS-SAN FRANCISCO RY. CO.

Sept. 4—Stockholders to ratify acquisition: of the following six roads: SPRINGFIELD CONNECTING RY.; FAYETTEVILLE & LITTLE ROCK R. R.; LITTLE ROCK & TEXAS RY.; PITTSBURGH & COLUMBUS RY.; MUSCLE SHOALS, BIRMINGHAM & PENSACOLA RY.; and JONESBORO, LAKE CITY & EASTERN R. R.

Until Oct. 1—Offers to redeem: at par, all of its Southwestern Division 1st mtg. 5s, '47 .... $379,000

SEAGRAVE CORP. (THE)

July 20—To pay: to Com. Holders of record July 1 a Div. of 2½% in Com. Stk. (or $0,30 cash) ....shs 2,500

SHATTUCK ARIZONA COPPER CO.

To consolidate: with the DENN-ARIZONA COPPER CO. The 350,000 outstanding shs. of Shattuck, and 450,000 shs. of Denn-Arizona, will be exchanged for an equal number of shs. of the recently organized "SHATTUCK DENN MINING CORP." (with Auth. capitalization of 1,000,000 shs. no par Cap. Stk.).

SOUTHERN PACIFIC CO.

To acquire: the NEVADA-CALIFORNIA-OREGON, which operates 154 Mis. of railroad in the Northwest; through exchange of $750,000 of its own bonds for an equal principal amount of N-C-O Pfd. Stk. $750.000

STERLING PRODUCTS, INC. (See Household Products, Inc.)

UNION TANK CAR CO.

Aug. 1—To redeem: at 102½, all Series "A," 7% eq. tr. g. Notes, '30 .... $1,500,000

U. S. REALTY & IMPROVEMENT CO.

Nov. 1—Privilege of converting 7% Cum. Pfd. into Com., sh. for sh., expires. (Up to July 1, $7,234,900 Pfd. had been converted, leaving only $846,500 Out.)

VICKSBURG, SHREVEPORT & PACIFIC RY. CO. (See Illinois CENTRAL R. R. CO.)

VIVAUDOU (V.), INC.

To retire: at 105, all 7% Pfd. Stk $150,000

WABASH RY. CO.

To purchase: from Jules S. Bache, Add. 8,400 shs. Pfd. and 6,935 shs. Com. of ANN ARBOR R. R. CO., for $900,075. On July 1, Wabash owned 24,000 shs. of Ann Arbor Stk.)

WILSON & CO., Inc.

Time extended to Aug. 15—for filing written proof of claims.

New York Stock Exchange

RAILS

	Pre-War Period 1909-1913 High	Pre-War Period 1909-1913 Low	War Period 1914-1918 High	War Period 1914-1918 Low	Post-War Period 1919-1924 High	Post-War Period 1919-1924 Low	1925 High	1925 Low	Last Sale July 8	Div'd $ per Share
Atchison	125⅝	90⅛	111⅛	75	120⅝	91⅜	127⅞	116⅛	119¼	7
Do. Pfd.	106⅜	96	102⅛	75	96⅜	72	97⅜	92½	96¼	7
Atlantic Coast Line	148½	102½	126	79⅞	152¼	77	166	147¼	163½	8
Baltimore & Ohio	122¼	90⅜	96	88¼	84⅛	27⅜	84¼	71	77	5
Do. Pfd.	96	77⅛	80	48¼	66½	88½	66½	62⅞	65½	4
Bklyn-Man. Transit	..	..	..	..	41⅜	9⅛	55	35⅛	52⅝	..
Do. Pfd.	..	..	..	..	75⅜	31⅜	81¾	72⅞	80	6
Canadian Pacific	283	165	220⅛	126	170⅞	101	152⅜	136½	142	10
Chesapeake & Ohio	92	51⅛	71	35⅜	98¼	46	99⅛	89¼	94¾	4
Do. Pfd.	..	..	..	..	109⅛	96	111⅛	105¼	†108	6½
C. M. & St. Paul	165⅛	96⅜	107⅛	35	52⅜	10⅞	16⅜	3¼	8⅝	..
Do. Pfd.	181	130⅛	143	62½	76	18¼	28½	7	15⅝	..
Chic. & Northwestern	198½	123	136⅞	35	105	45⅞	75⅜	47½	64¼	4
Chicago, R. I. & Pacific	..	..	45⅜	16	50	19⅛	54½	40⅛	45⅛	..
Do. 7% Pfd.	..	..	94⅜	44	105	64	99¼	92	95	7
Do. 6% Pfd.	..	..	80	35⅜	93¾	54	89½	82	†84½	6
Delaware & Hudson	200	147½	159½	87	141½	83¼	155	133½	143	9
Delaware, Lack. & W.	340	192½	242	160	260½	93	147¾	125	140¼	‡6
Erie	61⅛	33⅛	59⅛	18⅜	35⅜	7	34	26¾	28¾	..
Do. 1st Pfd.	49⅜	26⅛	54⅜	15⅛	49¼	11⅛	46⅞	35	38¼	..
Do. 2nd Pfd.	39⅛	19⅛	45⅝	13⅛	46¼	7⅛	43¾	34	†38¼	..
Great Northern Pfd.	157⅞	115½	134⅜	79¼	100⅝	50⅝	71½	60	69½	5
Hudson & Manhattan	..	..	..	..	29¼	20⅝	33¾	21¾	33	2½
Illinois Central	162⅛	102⅜	115	85⅜	117⅞	80⅝	119⅝	111	114½	7
Interboro Rap. Transit	..	..	..	..	39¼	9⅛	34½	13½	27	..
Kansas City Southern	50⅛	21⅜	35⅛	13⅛	41⅜	13	40½	28⅝	33⅜	..
Do. Pfd.	75½	56	65½	40	59⅛	40	59⅝	57	58⅜	4
Lehigh Valley	121¼	62⅛	87⅛	50⅜	85	39½	83⅜	69	79½	3½
Louisville & Nashville	170	121	141⅞	103	155	84⅜	117¼	106	113	6
Mo. Kansas & Texas	*51⅛	*17½	*24	*3¼	34⅜	*⅜	40½	28¼	33⅜	..
Do. Pfd.	*78¼	*46	*60	*6½	75⅜	*2	87⅜	74¾	85¼	5
Missouri Pacific	*77½	*21⅛	38⅛	19⅞	38⅞	8¼	41	30⅝	34¼	..
Do. Pfd.	..	..	64⅞	37½	74	22¼	83¼	71	78¾	..
N. Y. Central	147⅜	90⅜	114⅛	62½	119⅜	64⅛	124¾	113¼	118	7
N. Y., Chi. & St. Louis	109⅜	90	90⅜	55	128	23⅜	137¼	118	125	6
N. Y., N. H. & Hartford	174⅜	65⅜	39	21½	40⅞	9⅜	36⅜	28	32¼	..
N. Y., Ontario & W.	55⅜	25⅛	35	17	20⅛	14¼	27⅛	20⅝	25	1
Norfolk & Western	119¼	84¼	147⅛	92⅝	133¼	84¼	134⅝	123½	128¼	7
Northern Pacific	159¼	101⅜	118⅞	75	99⅞	47⅞	71¾	58¼	67½	5
Pennsylvania	75⅝	53	61⅛	40⅛	50	32¼	48⅞	42½	46¾	3
Pere Marquette	*36⅛	*15	38⅛	9⅛	73	12⅛	72	61¾	65½	4
Pittsburgh & W. Va.	..	..	40⅝	17¾	94	21⅛	73⅞	63	69⅞	..
Reading	89⅝	59	115⅛	60⅛	108	51⅞	91¼	69¾	87¼	4
Do. 1st Pfd.	46⅜	41¼	46	34	61	32⅞	41	35⅞	39	2
Do. 2nd Pfd.	58⅜	42	52	33⅜	65½	33⅛	44⅜	36¼	40	2
St. Louis-San Fran.	*74	*13	50⅛	21	65	10⅜	85⅜	57½	85	5
St. Louis Southwestern	40⅜	18⅛	32⅛	11	55⅞	10⅞	53⅜	43¾	47¼	..
Seaboard Air Line	27⅛	13¼	22⅝	7	24⅛	2⅛	35¾	20⅜	32¾	..
Do. Pfd.	56½	23½	58	15⅛	45½	3	48	35	41¾	..
Southern Pacific	139⅛	83	110	75¾	118⅛	67½	108⅜	97¾	98¾	6
Southern Railway	34	18	36⅜	12⅛	79⅜	24⅜	99⅜	77⅝	98⅛	5
Do. Pfd.	86⅞	43	85¼	42	85	42	92¾	83	85	5
Texas & Pacific	40⅛	10⅛	29⅛	6⅛	70⅛	14	58⅜	43¼	49	..
Union Pacific	219	137¾	164⅜	101¼	154⅜	110	153¼	133¼	139	10
Do. Pfd.	118⅛	79⅜	86	69	80	61¼	76	73¼	†74¼	4
Wabash	*27⅞	*2	17½	7	24⅜	6	34½	19½	33¼	..
Do. Pfd. A	*61⅜	*6⅛	60½	30⅞	60⅜	17	68½	55¾	67¾	5
Do. Pfd. B	..	..	32⅞	18	42⅜	12¼	51	38½	†50	..
Western Maryland	*56	*40	23	9¼	17¼	8	17⅜	11	14⅜	..
Do. 2nd Pfd.	*88¼	*53½	*58	20	30⅛	11	26¼	16	22	..
Western Pacific	..	..	25½	11	40	12	55	32½	34¾	5
Do. Pfd.	..	..	64	35	85½	51½	100	84½	†87½	6
Wheeling & Lake Erie	*12⅞	*2⅛	27⅜	8	18¼	6	20½	10¾	19⅝	..
Do. Pfd.	..	..	50⅝	16⅜	32½	9¼	34¾	22	34¾	..

INDUSTRIALS

	1909-1913 High	1909-1913 Low	1914-1918 High	1914-1918 Low	1919-1924 High	1919-1924 Low	1925 High	1925 Low	Last Sale July 8	Div'd $ per Share
Adams Express	270	90	154½	42	93½	22	103¼	90	94	6
Ajax Rubber	..	..	89⅝	45½	113	4¼	15⅞	10	14	..
Allied Chem. & Dye	..	..	..	..	91¾	34	95½	80	91¼	4
Do. Pfd.	..	..	..	..	118⅝	83	120	117	†119¼	7
Allis-Chalmers Mfg.	10	7⅝	49⅛	6	73⅜	26½	86⅛	71½	83¾	6
Do. Pfd.	43	40	92	32½	104⅞	67½	108	103¼	106	7
Am. Agric. Chem.	63⅝	33½	106	47¾	113¾	7⅛	21⅞	13½	20⅛	..
Do. Pfd.	105	90	103⅛	89⅛	103	18¾	60⅝	36½	58⅝	..
Am. Beet Sugar	77	19¾	108½	19	103¾	24½	43	36⅜	†41	4
Am. Bosch Magneto	..	..	..	..	143⅞	22¼	54½	26⅛	34⅞	..
Am. Can	47⅝	6⅞	68⅛	19¼	163½	21¾	200	158⅛	196½	‡5
Do. Pfd.	129¼	98	114½	80	119	72	121½	115	119	7
Am. Car & Foundry	76½	36½	98	40	201	153½	111½	97½	104½	6
Do. Pfd.	124¾	107½	119⅛	100	126⅛	105¾	127¾	120¾	†126½	7
Am. Express	300	94¾	140⅛	77½	175	76	166	125	140	6
Am. Hide & Leather	10	3	22⅛	2½	43⅛	5	14	8½	†10	..
Do. Pfd.	51⅞	15⅛	94⅞	10	142⅜	29¾	75⅞	59	69⅛	..
Am. Ice	..	..	49	8⅞	122	37	117¾	83	116	7
Am. International	..	..	62⅜	12	132¼	17	41	32⅛	35⅝	..
Am. Linseed Pfd.	47¾	20	92	24	113	4¼	73½	53	†70⅛	3½
Am. Locomotive	74¾	19	98¼	46⅝	136¾	58	144⅞	104½	116¾	8
Do. Pfd.	122	75	109	93	122¼	96½	124	118½	†121	7
Am. Metal	..	..	..	..	55⅞	38⅜	53⅝	45¾	50¼	3
Am. Radiator	*500	*200	*445	*235	*345	64	108	89½	107	4
Am. Safety Razor	..	..	..	..	40⅝	*3¼	61	36⅞	59	3
Am. Ship & Commerce	..	..	..	..	47⅛	4⅜	14½	5⅝	6¾	..
Am. Smelt. & Ref.	105½	56⅝	123¾	50¼	100⅝	29¼	107¾	90⅜	107	6
Do. Pfd.	116⅜	98¼	118⅛	97	109⅝	63¼	111⅛	105½	111⅛	7
Am. Steel Foundries	74½	24⅛	95	44	50	18	40	37⅝	38¼	3
Do. Pfd.	..	..	..	..	109¼	78	112	108	†111¼	7
Am. Sugar Refining	136⅝	99⅜	126⅛	89⅛	148¼	36	71¼	47⅝	65⅜	..
Do. Pfd.	133⅛	110	123⅛	106	119	67½	101½	91	†98¼	7
Am. Sumatra Tobacco	..	..	145⅜	15	120⅛	6⅜	24½	6	8¾	..
Do. Pfd.	..	..	103	75	105	22½	86½	28	†80½	..
Am. Tel. & Tel.	153⅝	101	134⅛	90⅝	134⅜	92⅛	144¼	130⅝	141	9

Price Range of Active Stocks

INDUSTRIALS—*Continued*

	Pre-War Period 1909-1913 High	Pre-War Period 1909-1913 Low	War Period 1914-1918 High	War Period 1914-1918 Low	Post-War Period 1919-1924 High	Post-War Period 1919-1924 Low	1925 High	1925 Low	Last Sale July 8	Div'd $ per Share
Am. Tobacco	*530	*200	*256	*123	*314½	82½	96⅞	85	96⅝	7
Do. Com. B	..	..	..	..	*210	81¼	96½	84½	95⅝	7
Am. Water Wks. & Elec.	..	..	..	..	*144	*4	68	34⅝	62½	1.20
Am. Woolen	40⅝	15	60⅞	12	169½	51¼	64⅜	34⅜	39⅝	..
Do. Pfd.	107⅞	74	102	72½	111⅛	88½	96½	69½	80½	7
Anaconda Copper	54⅝	27½	105⅝	24¼	77⅞	28½	48	35¼	40½	3
Associated Dry Goods	..	..	28	10	140⅛	48	55⅝	48½	54⅞	2½
Do. 1st Pfd.	..	..	75	50⅛	94	49⅞	100	94	98¼	6
Do. 2nd Pfd.	..	..	49½	35	102⅝	88	108	101	106½	7
Associated Oil	..	..	*78⅝	*52½	*142	24⅞	41½	32	37⅞	2
Atl. Gulf & W. Indies	13	5	147⅝	4½	192⅝	9¼	56	20	54⅝	..
Do. Pfd.	32	10	74⅜	9⅞	76½	6⅜	53⅞	31	†52	..
Atlantic Refining	..	..	..	..	*1575	78½	117½	95½	113⅛	..
Austin Nichols	..	..	..	..	40⅝	8	32½	22	23	..
Do. Pfd.	..	..	..	..	91	80⅝	93	87⅜	†90	7
Baldwin Locomotive	60¾	36½	154½	26⅝	156¼	62½	146	107	116¼	7
Do. Pfd.	107½	100¼	114	90	118	92	116⅝	109	111	7
Bethlehem Steel	*51⅜	*18⅜	155½	59⅝	112	37¾	53½	37	40½	..
Do. 7% Pfd.	80	47	186	68	108	87	102	93¼	94⅝	7
Do. 8% Pfd.	..	..	110½	92½	116⅝	90	116½	109	†112	8
Brooklyn Edison Electric	134	123	131	87	124⅝	82	140⅜	120⅝	134⅜	8
Brooklyn Union Gas	164½	118	138⅜	78	128	41	91⅝	75½	87⅝	4
Burns Brothers	45	41	161½	50	147	76	109½	92½	†101	10
Do. B	..	..	..	..	53	19⅝	30	17	22	2
Butte & Superior	..	..	105¼	12¼	37⅞	8	24¼	6½	12	1
California Packing	..	..	80	30	106¼	48¼	118	100½	117	6
California Petroleum	72½	16	42⅝	8	71⅞	15¾	32⅞	23⅞	28½	1¾
Central Leather	51⅜	16½	123	25⅞	116½	9⅝	21⅜	14⅜	17¼	..
Do. Pfd.	111	80	117½	94⅞	114	28½	66	49¼	60	..
Cerro de Pasco Copper	..	..	55	25	67½	23	55½	43⅛	53⅛	4
Chandler Motor	..	..	109⅞	56	141¼	26⅞	39⅝	28½	36	3
Chile Copper	..	..	39¼	11⅛	38⅝	7¼	37⅞	30½	34	2½
Chino Copper	50⅝	6	74	31⅝	50⅞	14	28⅝	19	22½	..
Coca Cola	..	..	..	..	83⅝	18	122½	80	119⅞	7
Colorado Fuel & Iron	53	22½	66½	20½	56	20	48¼	32¼	44⅜	..
Columbia Gas & Elec	..	..	64⅛	14¼	114⅞	39¼	69⅜	45⅜	64	2.60
Congoleum-Nairn	..	..	..	..	*134⅜	32⅝	43½	23½	24⅜	3
Consolidated Cigar	..	..	..	..	80	11⅝	44⅛	26½	37⅞	..
Consolidated Gas	*165⅛	*114½	*150½	*112½	*145⅜	56⅜	89½	74½	87¼	5
Continental Can	..	..	*127	*37½	*131⅜	*34⅜	72	60½	69⅜	4
Corn Products Refining	26½	7⅝	50½	7	160½	31½	41⅝	32⅜	36⅜	2
Do. Pfd.	98½	61	113⅛	58⅛	123⅜	96	127	118½	†123	7
Crucible Steel	19⅝	6⅛	109⅞	12⅛	278½	48	79¾	64½	68⅝	4
Cuba Cane Sugar	..	..	76⅝	24⅞	59⅝	5⅝	14⅝	10⅜	12½	..
Do. Pfd.	..	..	100⅛	77¼	87⅞	13⅛	62⅝	47¾	52½	..
Cuban-American Sugar	*58	33	*273	*38	*605	10⅞	33½	27	29¼	2
Cuyamel Fruit	..	..	..	..	74½	45⅛	59	50	56⅝	4
Davison Chemical	..	..	..	..	81¼	20⅝	49¾	27⅞	36	..
Dupont de Nemours	..	..	..	..	169⅝	105	182¾	134¼	181	10
Eastman Kodak	*No	Sales	*605	*605	*690	70	118	104⅞	108⅜	‡5
Electric Storage Battery	*64¼	*42	*78	*42¼	*153	37	70⅜	60⅜	64⅜	4
Endicott-Johnson	..	..	..	..	150	44	72	63¾	69	5
Do. Pfd.	..	..	..	..	119	84	116¾	112½	†112	7
Famous Players-Lasky	..	..	..	..	123	40	109⅞	90¼	102½	8
Do. Pfd.	..	..	..	..	108½	66	117½	103⅞	117½	8
Fisher Body	..	..	43	25	240	75	75	60¼	74½	5
Fisk Rubber	..	..	..	..	55	5⅛	21¾	10½	20⅜	..
Do. 1st Pfd.	..	..	..	..	86	38⅛	105⅛	75½	103¼	4
Fleischmann Co.	..	..	..	..	90¼	37⅜	91⅜	75	90¼	4
Foundation Co.	..	..	..	..	94⅝	58½	131	89½	130	8
Freeport-Texas	..	..	70½	25¾	64⅜	7⅛	18⅞	8	17	..
General Asphalt	42⅞	15½	39⅝	14¼	160	23	63¾	42½	54	..
General Cigar	..	..	..	..	98⅝	47	101¾	84½	88	8
General Electric	188½	129⅜	187¼	118	322	109½	330	227¼	286	8
General Motors	*51⅜	*25	*850	*74½	66⅞	*8⅛	87½	64⅝	86⅞	6
Do. 7% Pfd.	..	..	..	..	103½	95⅛	113½	102	113¼	7
General Petroleum	..	..	..	..	45	38⅜	59	42	57	2
Goodrich (B. F.) Co.	86⅛	15½	80¼	19⅝	93⅜	17	56½	36¾	56	..
Do. Pfd.	109⅝	73⅜	116⅝	79⅞	109½	62½	99⅞	92	†98	7
Goodyear T. & R. Pfd.	..	..	..	..	90⅝	35	105¾	86⅛	103½	7
Do. prior Pfd.	..	..	..	..	108⅛	88	107¼	103	105¼	8
Granby Consolidated	78¼	26	120	68	80	12	21¼	13	15¾	..
Great Northern Ore Ctfs.	88½	25⅛	50⅝	22½	52¾	24⅞	40½	27¼	28¾	1
Gulf States Steel	..	..	137	58⅜	104⅝	25	94⅞	67⅛	84¼	5
Hayes Wheel	..	..	..	..	52⅞	31	43¼	30	40½	3
Houston Oil	25⅛	8¼	86	10	116½	40½	85	59	75¾	..
Hudson Motor Car	..	..	..	..	36	19½	66½	33¾	65⅞	3
Hupp Motor Car	..	..	11⅜	2½	29¼	4⅝	20½	14¼	19¾	1
Inland Steel	..	..	..	..	48¾	31⅛	50	38¾	39½	2½
Inspiration Copper	21⅝	13⅞	74¾	14¼	68⅞	22⅛	32¾	22¼	27¼	50c
Inter. Business Mach.	..	..	52⅝	24	118⅝	28¾	126¾	110	122	8
Inter. Combustion Eng.	..	..	..	..	39	19⅝	45¼	31¾	44¼	2
Inter. Harvester	..	..	121	104	149⅝	66¾	114¼	96½	109½	5
Inter. Merctl. Marine	9	2⅛	50⅝	⅝	67¾	4⅞	14⅞	7½	8	..
Do. Pfd.	27⅝	12½	125⅝	8	128½	18½	52¾	29⅝	32½	..
Inter. Nickel	*227¼	*135	57½	24½	33⅞	10⅜	31¼	24¼	30⅜	..
Inter. Paper	19¾	6⅛	75½	9½	91¾	27⅞	74⅝	48¼	67⅜	..
Kelly-Springfield Tire	..	..	85⅛	36⅞	164	9¾	21⅝	12¾	20½	..
Do. 8% Pfd.	..	..	101	72	110¼	33	69	41	†70	..
Kennecott Copper	..	..	64⅛	25	57⅜	14⅝	57¾	46½	53⅞	3
Kinney (G. R.) Co.	..	..	..	..	86¼	35½	87¾	72	87	4
Lima Locomotive	..	..	..	..	74⅞	52	74¾	60	†60½	4
Loew's, Inc.	..	..	..	..	38⅝	10	31⅜	22	29¼	2
Loft, Inc.	..	..	..	..	28	5½	9⅛	6	7¾	..
Lorillard (P.) Co.	*218½	*150	*239⅞	*144½	*245	33⅛	36¼	30¼	34¼	3
Mack Trucks	..	..	..	..	170	25½	188	117	181⅝	6
Magma Copper	..	..	..	..	45⅝	26⅛	44¼	34	42	75c
Mallinson & Co.	..	..	..	..	45	8	37½	21⅝	27	..
Maracaibo Oil Explor.	..	..	..	..	37½	16	35½	25¼	27	..
Marland Oil	..	..	..	..	59⅝	12⅛	46¼	32⅝	43⅞	75c
Maxwell Mot., Cl. A, Ctfs.	..	..	..	..	84⅛	36	119½	107½	†117	..
Do., Class B, Ctfs.	..	..	..	..	39⅝	8	126	77½	†116	..

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New York Stock Exchange

Price Range of Active Stocks

INDUSTRIALS—*Continued*

	Pre-War Period 1909-1913		War Period 1914-1918		Post-War Period 1919-1924		1925		Last Sale July 8	Div'd $ per Share
	High	Low	High	Low	High	Low	High	Low		
May Department Stores....	*88	*65	*97½	*35	*174¾	*68	128¾	101	†115	5
Mexican Seaboard Oil......	..	..	..	..	34½	5⅝	22½	11⅛	14½	..
Miami Copper	30¼	12⅝	49⅝	16½	32⅝	14½	24¾	8	10⅞	1
Montgomery Ward	..	..	..	..	48½	12	59¾	41	59	..
National Biscuit	*161	*96½	*139	*79⅞	*270	35⅝	75	65	73½	3
National Dairy Prod.......	..	..	..	..	44½	30½	58⅞	42	54	3
National Enam. & Stamp..	30¼	9	54½	9	39½	18½	36⅞	25	29½	..
National Lead	91	42½	74⅝	44	169¼	68½	166⅞	138½	150	8
N. Y. Air Brake..........	98	45	136	55⅝	145¾	26⅝	56½	42⅜	44⅞	4
Do. Class A	..	..	..	..	57	45½	57½	51	†52	4
N. Y. Dock	40¼	8	27	9⅛	79⅝	15¼	31½	18	†26¾	..
North American	*87⅞	*60	*81	*38⅝	*119½	17½	50⅜	41⅛	50	3.40
Do. Pfd.	..	..	..	..	50¼	31⅞	50⅛	46⅝	49⅝	3
Pacific Oil	..	..	..	..	69¾	27½	65¼	52¼	57	3
Packard Motor Car........	..	..	..	..	21	9⅝	38⅜	15	38	1.70
Pan.-Am. Pet. & Trans....	..	..	70⅝	35	140½	38½	83⅞	64	77¾	6
Do. Class B	..	..	..	..	111⅜	34⅛	84½	63⅜	77⅞	6
Philadelphia Co.	59¼	37	48⅝	21½	57½	26½	61⅜	51½	58⅞	4
Phila. & Reading C. & I..	..	..	..	..	54¼	34½	52½	37¾	39	..
Phillips Petroleum	..	..	..	..	69⅝	16	47½	36¼	44½	2
Pierce-Arrow	..	..	65	25	99	6⅛	36⅛	10⅞	33¾	..
Do. Pfd.	..	..	109	88	111	13½	86	43	81¼	..
Pittsburgh Coal	*29⅝	*10	58⅝	37⅛	74⅝	45	54½	37¼	†45½	2
Postum Cereal	..	..	..	..	134	47	121	93¼	119¼	4
Pressed Steel Car..........	56	18½	88⅛	17¼	118¾	39	69	45	52¼	..
Do. Pfd.	112	88½	100⅛	69	106	67	92½	77	†77	7
Pub. Serv. N. J.	..	..	..	..	70	39	74	62⅝	70	5
Pullman Company	200	149	177	106½	151⅝	87¾	151¾	129	139½	8
Punta Alegre Sugar........	..	..	51	29	120	24⅝	47¼	38¾	39⅝	5
Pure Oil	..	..	143⅝	31⅞	61⅞	16⅛	33⅜	25⅜	29½	1½
Radio. Corp. of Am........	..	..	..	..	66⅞	25⅞	77⅞	48⅜	57	..
Railway Steel Spring.......	54½	22¼	78½	19	137½	67	141¾	122½	124	8
Do. Pfd.	113⅝	90¼	108½	75	121½	92½	120	114¼	119	7
Ray Consol. Copper........	27½	7½	37	15	27½	9⅝	17⅞	11⅝	13⅜	..
Replogle Steel	..	..	..	..	93½	7¼	23¼	12⅝	14¼	..
Republic Iron & Steel.....	49½	15⅝	96	18	145	40½	64⅜	42⅛	47¼	..
Do. Pfd.	111¼	64½	112⅝	72	106⅝	74	95	84¼	85⅞	7
Royal Dutch N. Y..........	..	..	86	56	123⅜	40¾	57⅜	48¼	53	4.42½
Savage Arms	..	..	119⅝	39⅝	94½	8⅞	108⅜	54	56½	..
Schulte Retail Stores......	..	..	..	..	129¼	88	116⅞	108	110	§8
Sears, Roebuck & Co......	124⅜	101	233	120	243	54¼	174¼	147½	172⅜	6
Shell Trans. & Trading....	..	..	..	..	90¼	29⅛	45¾	39¾	†41½	2.08
Shell Union Oil	..	..	..	..	22½	12⅛	28⅜	22½	24¼	1.40
Simmons Company	..	..	..	..	37	22	46	31¼	45½	2
Simms Petroleum	..	..	..	..	24	6⅛	20⅜	19½	23¾	1
Sinclair Consol. Oil........	..	..	67½	25¼	64¼	15	24⅞	17	22½	..
Skelly Oil	..	..	..	..	35	8⅝	30½	21¾	27⅜	..
Sloss-Sh. Steel & Iron.....	94⅝	23	93¼	19½	89	32½	97	80¼	92	6
Standard Oil of Calif......	..	..	..	..	135	47½	67¼	56⅝	58⅝	2
Standard Oil N. J.	*448	*322	*800	*355	*212	30⅞	47½	38⅜	44⅛	1
Do. Pfd.	..	..	..	..	119⅛	100⅛	119	116¼	116½	7
Stewart-Warner Speed	..	..	*100⅛	*43	*181	21	77⅞	55	68¾	5
Stromberg Carburetor	..	..	45⅛	21	118¼	22⅛	79¾	61	†67½	6
Studebaker Company	*49½	*15¾	*195	*20	*151	30½	50	41¼	50	4
Do. Pfd.	98⅛	64½	119⅛	70	118⅛	76	118¾	112	†118	7
Tennessee Cop. & Chem....	..	..	21	11	17⅛	6¼	11⅞	7⅝	11⅝	..
Texas Co.	144	74½	243	112	57⅜	29	54⅜	42¾	52⅝	3
Texas Gulf Sulphur........	..	..	..	..	110	32⅝	114¼	97½	114	7½
Tex. & Pac. Coal & Oil...	..	..	..	..	195	5⅛	23⅜	11½	15⅛	..
Tide Water Oil	..	..	225	165	275	94	152	122	141¼	4
Timken Roller Bearing.....	..	..	..	..	45	28⅛	44½	37¾	42	‡3
Tobacco Products	145	100	82⅝	25	115	45	84½	70	82	6
Do. Class A	..	..	..	..	93½	76½	102½	93⅛	102	7
Transcontinental Oil	..	..	..	..	62⅝	1⅛	5⅞	3⅞	4¾	..
Union Oil of Calif.........	..	..	..	..	39	35	43⅜	36⅛	37⅞	1.80
United Cigar Stores........	..	..	*127⅞	*8⅜	*255	42½	96½	60¼	91¼	§3¼
United Drug	..	..	90⅝	64	175⅛	46¼	130⅞	110⅞	129⅛	6
Do. 1st Pfd.	..	..	54	46	58⅛	36⅝	56	52	†54¾	3½
United Fruit	208½	126½	172	105	224⅞	95¾	231	204⅞	†215½	10
United Ry. Investment.....	49	16	27½	4¼	41	6	33½	18¼	28	..
Do. Pfd.	77	30	49¼	10½	64⅞	14	83¼	48½	79¾	..
U. S. Cast I. Pipe & F....	32	9¼	31⅞	7¾	169⅝	10¼	250	131¼	163	..
Do. Pfd.	84	40	67⅛	30	104¼	38	112½	95	96	7
U. S. Indus. Alcohol.......	57⅛	24	171½	15	167	35¼	94⅝	76	88¾	..
U. S. Realty & Imp........	87	49⅝	63¾	8	143½	17¼	147¾	114½	135	8
U. S. Rubber	59½	27	80½	44	143¾	22½	57⅞	33½	56⅝	..
Do. 1st Pfd.	123½	98	115¼	91	119½	66½	107½	92¾	107½	8
U. S. Smelt., Ref. & Min.	59	30⅝	81⅛	20	78¼	18⅝	39½	30	39½	3
U. S. Steel	94⅞	41¼	136⅝	38	121	70¼	129⅝	112⅜	116¾	‡5
Do. Pfd.	131	102½	123	102	123½	104	126⅝	122⅛	124½	7
Utah Copper	67⅛	38	130	48½	97½	41⅛	95	82	95	2
Vanadium Corp.	..	..	..	..	97	19⅛	34	25⅝	33¼	..
Western Union	86¼	56	105⅛	53⅜	121¼	76	137½	116¼	135⅞	7
Westinghouse Air Brake...	141	132½	143	95	124½	76	114	97	105	6
Westinghouse E. & M......	45	24⅜	74⅞	32	71⅜	38⅞	84	66¼	71⅓	4
White Eagle Oil	..	..	..	..	34	20	31¾	25⅝	27½	2
White Motors	..	..	60	30	86	29¼	76	57⅛	74	4
Willys-Overland	*75	*50	*325	15	40¼	4½	24½	9⅛	19⅞	..
Do. Pfd.	..	..	100	69	98¼	23	111	72¼	104	7
Wilson & Co.	..	..	84¼	42	104⅞	4⅛	13¾	5½	†6¼	..
Woolworth (F. W.) Co....	*177⅞	*76½	*151	*81½	*345	72½	164⅞	112¼	161	3
Worthington Pump	..	..	69	23½	117	19⅞	79¾	36¾	41½	..
Do. Pfd. A	..	..	100	85⅞	98½	65	88	79	†75	7
Do. Pfd. B	..	..	78⅝	50	81	53½	76½	65	†65	6
Youngstown Sh. & Tube...	..	..	..	..	80	59⅝	76½	63	†67	4

* Old stock. † Bid price given where no sales made. ‡ Not including extras. § Payable in stock. ¶ Partly stock.

ANSWERS TO INQUIRIES

(Continued from page 520)

speculative issue but we consider it to have possibilities for enhancement in value.

FAIRBANKS COMPANY

Large Bank Loans

As a subscriber to THE MAGAZINE OF WALL STREET *I would appreciate your opinion on Fairbanks Company. Do you think there is a possibility of dividends being resumed on the preferred stock—and what would you think of the common stock? Should it be held for a long pull advance?—E. D. E., Bronx, New York City.*

Fairbanks Company for the four months ended April 30th reported earnings of \$77,663 compared with a deficit of \$17,747 for the same period of 1924. While this represents a substantial improvement, dividends on the first preferred stock of which there is one million dollars outstanding or on the preferred stock of which there are two million dollars outstanding still appear remote in view of the financial condition. Balance sheet as of April 30th, 1925, shows notes payable of \$3.4 millions and accounts and taxes payable of \$336,000. Against this the company had cash on hand of \$862,977 and notes and accounts receivable of \$608,981. Profit and loss deficit is 6.2 millions. We rate the common stock as an unattractive speculation.

REYNOLDS SPRING

Why Dividend Was Passed

Why has Reynolds Spring passed the dividend on the common stock? I believed the company was doing well, inasmuch as it was paying off its bank indebtedness right along and it seems queer that the dividends should be passed when the cash position should have been strengthened.—K. D., New York City.

The dividend on Reynolds Spring Company was passed because earnings for the second quarter of the year did not come up to expectations, and also because the company has expended large sums of money in the development of a new line of electrical parts. While it is true that the company has reduced its bank indebtedness cash position is not as strong as the management would like to see it and accordingly a conservative course was followed. The company is engaged in an industry which is subject to very severe competition and the stock, in our opinion should not be rated higher than an uncertain speculation.

MACK TRUCKS, INC.

Stockholders' Rights

Would you advise me to sell my rights on Mack Trucks or subscribe to the additional stock at \$100 a share?—M. N. P., New York City.

Mack Truck has voted to issue 75,000 shares of additional common stock at \$100 a share giving each stockholder of record July 20th the right to subscribe to one share for each five held. The company is rapidly expanding its

facilities in the motor bus industry and the funds that will be derived from the sale of this stock will replenish the treasury for expenditures made in connection with its expansion program. The volume of business for the first six months of the current year was at the rate of approximately 40% in excess of the same period last year and profit proportionately larger. We consider the outlook for this company to be decidedly favorable and our advice is that you subscribe to the additional shares at $100 per share and retain your present holdings.

AMERICAN WRITING PAPER

Reorganization Plan

I have held American Writing Paper common stock for several years but have not recently heard what progress has been made towards the organization. Do you think there will be an assessment?—K. B., Toronto, Canada.

A plan of reorganization it is reported, has been agreed upon by committees representing bondholders and stockholders of the American Writing Paper Company. Under the plan it is proposed to assess preferred stockholders $10 a share and common stockholders $5 a share. Each holder of 100 shares of common who pays the assessment will receive $250 in new bonds together with two and a half shares of new preferred stock and 25 shares of new common. This plan, although tentatively agreed upon, may of course be modified in some respect before it is finally approved.

PIERCE OIL CORPORATION

Exchange Plan Off

What do you think of the outlook for Pierce Oil in view of the fact that the reorganization has fallen through? What would you advise me to do with my stock?—I. K., Boston, Mass.

Sufficient shares of Pierce Oil Corporation not having been deposited for conversion into Pierce Petroleum Corporation stock the plan of exchange has fallen through. This, however, should not be an adverse factor for Pierce Oil shareholders as the company is understood to be making good progress. Construction work at Sans Springs, Oklahoma, Refinery is completed and the refinery is running about 8,000 barrels of crude oil daily. The company recently completed installation of the Cross System of cracking stills which has charging capacity of 50,000 barrels a month of gas oil from which about 60% yield of gasoline is obtained. While this stock is highly speculative we deem it advisable to retain it at this time particularly as the outlook for the oil industry generally appears quite favorable.

For Feature Articles to Appear in the Next Issue See Page 483

PUBLIC UTILITIES—A MOVING PICTURE

(Continued from page 524)

uniformly high and stable value reflects the confidence of the business community in them, a confidence that is shared by the general public as evidenced by the wide distribution of utility securities among all classes of our population, warranting the belief that here we have the true public ownership—as distinguished from government or political ownership—combining the advantages of individual initiative and enterprise in management with a broad diffusion of proprietorship.

I believe that our gas and electric utilities are facing a period of great expansion both in the extent and variety of the use of their products, and I am confident that under the existing regime of ownership and operation, coupled with enlightened commission regulation, assured of a fair return on the value of their property devoted to the public service, and free to develop their business along lines that experience has shown to be of largest benefit to company and consumer alike, they may be counted upon not only to strengthen their financial and investment standing but to contribute increasingly to the health, comfort and material well-being of the people of this country.

"A PROVINCE CONQUERED"

(Continued from page 515)

"Looks like we'll have to do something. Now let me see. I'm afraid, Biffy, we'll have to combine your first two classes . . . . that will only give you twenty-two in finance . . . . and then we'll have to ask you to take the overflow in medieval history. You'll like history . . . . be a change from finance."

By Thursday, Mr. Biffy finds him self with the following program:

Hour	Time	Class	No. pupils
	8:00- 8:30	Hall duty	
1	8:30- 9:15	Finance	41
2	9:15-10:00	American Literature	25
3	10:00-10:45	Medieval-Modern history	30
4	10:45-11:30	English composition	30
	12:40- 1:00	Hall duty	
5	1:00- 1:30	General assembly. Tuesdays and Fridays	
6	1:30- 2:15	Consultations	
7	2:15- 3:00	Sociology	22
8	3:00- 3:45	Study hall	150
	3:45- 4:15	After-school consultations	

The principal is a bit apologetic over that enrollment of forty-one in finance. "Really ought to make two sections

of it," he says, "but I don't just see how we can manage without disorganizing everything else. And finance isn't like English . . . . you won't have hardly any written work . . . . be mostly textbook work and oral quizzes. Probably in two weeks, you won't have more than thirty in that class. The rest will get discouraged and drop out and take something else."

The Teacher's "Outside" Duties

Early in the second week, Mr. Biffy learns that he has to assume the responsibility for a few "outside activities." He is made faculty treasurer of the student council, faculty treasurer and manager of the high school athletic association, class advisor to the seniors, and business manager for all dramatic productions.

Later in the week, he is asked to report the names of students failing in their work. Mr. Biffy's list contains the names of three football stars,—Johnny, Bob, and Peter. Friday, the football coach gets the list and the three ineligibles are told that "they'd better get down to business and do something about that ineligibility."

They do get down to business. Monday morning at eight, they are in Mr. Biffy's classroom, ready to "do something."

"Gee whiz, Mr. Biffy," says Bob, "I thought I was doing good work. I've studied and studied,—books home every night. Always had something to say every time you called on me."

"Makes a fellow discouraged all right," says John, "to be put on the canned list when he's studied like that. A fellow might as well quit school and go to work."

"Football's the only thing I came back for," says Peter. "Course *finance* is all right,—but gee, it ain't my fault if you always call on me for something I don't know."

Saturday, with the three ineligibles on the sidelines, the game is played,—and lost. Some of the business men lose, too. "That's a h-ll of a professor they've got up there teaching finance," is the comment when all bets are paid.

Later in the semester, we find the superintendent of schools observing classes and rating teachers. He visits the class in American literature. Books are open to Emerson's *Self Reliance.* Louie, who has proved (to his own satisfaction at least) the limitations of *self* reliance, is reading:

> "Character teaches above our wills. Men . . . . do not see that virtue or vice emit a breath every moment."

"That's fine," says the superintendent to himself. "I'll have to quote that in my next speech to the Rotarians."

The bell rings and the class is dismissed. The superintendent remains for the next, Mr. Biffy's class in history.

"Peter, to what peace-time projects," asks Mr. Biffy, "did Frederick the Great devote the last twenty-three years of his life?"

"Well," answers Peter, "he built

walls around swamps,—improved the *f'*-nance,—and conquered a *Proverb* in the midst of peace.

The Superintendent Chimes In

The superintendent never visited Mr. Biffy's class in finance. But in a recent speech at the Commercial Club, the superintendent told the business men that putting investment courses in the schools was the most forward looking movement of the day, and that this great levee of financial education would save millions of future Americans from the bitterness of financial mistakes. "Like Frederick the Great," he said, "we have conquered a province in the midst of peace."

IS THERE A CORRUPT MONEY POWER?

(*Continued from page* 493)

in eventually in any large organization, but the Stock Exchange is continually correcting any that are shown to exist. The sensational corners, of a few years ago, with their resultant losses in money, and creation of far-reaching panic conditions, are no longer countenanced by the Exchange. I doubt if there ever could be another Northern Pacific deal."

The efficacy of "Blue Sky" laws is a matter of operation in individual cases, Mr. Roberts believes. He contends that it is difficult to fix a rule for all cases. Perfectly good enterprises, having only small present assets, might be developed through capital, but if the security laws prevent a sale of stock in the enterprise, it is killed before it has a chance to start. The placing of unlimited powers in the hands of securities commissions to say what stocks may or may not be offered, opens the way for prolific abuses, and certainly many mistakes.

"After all," declared Mr. Roberts, "the American people have been taught to believe in the largest possible measure of liberty, and seem to resent the notion of passing laws that may protect the weak or gullible, but which at the same time hamper the exercise of judgment upon the part of the man who wants to rely upon his own capabilities. If men of vision had never taken chances in building up industry, there would be no such country here as we have today. Then for legislation to say that the right kind of men shall not take the right kind of chances, because some men of lesser judgment may make an investment mistake, is likely to result in certain laws being more of a hindrance than a help."

For Feature Articles to Appear in the Next Issue

See page 483

REGULATION PROTECTS PUBLIC UTILITY SECURITIES

(Continued from page 526)

the apparent value of this company's property as measured in dollars, and that from all that has been submitted to us it happens that in our best judgment the extent of that increase can be most accurately measured by the use of such figures."

Another important decision in that long line of court cases setting aside confiscatory orders of regulating commissions is that of the United States Supreme Court in the Ohio Utilities Company case, decided in March. The court found that the valuation as submitted by the company's engineers was a fair value of the property, and that reductions therein had been made by the commission "arbitrarily" and were "capricious." The rate of return was found to be confiscatory.

Generally the decisions support the doctrine that rates initially are made by the public utility, and that such inherent right rests in the utility subject only to regulation as to whether or not the return on the fair value of the property is just and reasonable.

Formerly, it was often assumed by the commissions that a rate of return barely sufficient to avoid confiscation was a "fair and reasonable return." Fortunately this idea has found small favor with the courts.

It has been stated that good business management of a utility requires that some part of earnings should be carried to surplus for future expansion and that it is these earnings, and not the amount disbursed to bond and stockholders, with which the courts are concerned in passing upon the confiscatory character of the rate.

The federal statutory court stated, in the New York Telephone case, that the rate of return on property is a matter of custom, and that custom is fundamentally a matter of opinion.

"Admittedly it is and has been customary to allow as a reasonable rate of return for regulated businesses like this one 8 per cent. The justification for the custom is the habit of business men, and a departure therefrom is not right because a court or a commission prefers a lower rate. . . . The question always raised in rate cases is this—what rate of return, with due regard to certainty and security will attract the intelligent investor?"

The Fourteenth amendment has been brought into prominence second only to the Eighteenth. The protections afforded thereby to the owners of public utilities from confiscation of their property have been strongly manifested in the many decisions of the courts. Hence, the firm foundation guaranteeing the future stability of public utility properties.

HOW I AM MAKING MY MILLION

(Continued from page 517)

not be entitled to as much consideration in my old age as a horse? But my money will continue to work. This $372,243 in another ten years will double itself or become $744,486, which added to the $288,000 mentioned above will amount to $1,032,486. Howdy, Million! And folks, that's not all. I have a good farm worth about $10,000, but as I inherited this I shall not consider it here. I also have a dwelling house, but will forget that. But, now, if you want to fatten that million a little I have $15,000 worth of Thirty-year endowment life insurance. $5,000 of this matures at age 57. Compounding this semi-annually at 7% will cause it to become $10,000 at age 67 and at 77 it will amount to $20,000. The other $10,000 endowment life insurance matures at age 62. At 72 this should amount to $20,000 and five years later or at age 77 it will amount to $28,200. Now add this $20,000 and and $28,200 to the above $1,032,486 and we arrive at $1,080,686. And maybe I will have been living on that farm in perfect ease and comfort for ten years.

Yes, of course, I might die. We have assumed that I will live to be 77 years old, or thereabouts. Hard luck might overtake me. I might not be able to keep up the pace I am now going. But remember, I am a physician, young, ambitious, studying hard, perfecting my skill, have a very modest practice for a specialist, and I frankly believe there is little chance for my present income to decrease for the next twenty or thirty years. In fact, I would feel very badly if I did not think I could increase my practice greatly, even double it, during the next score of years.

Also, we have figured only 7% interest. That is as high as we dare go with bonds and safety. But a noted economist states that by dealing intelligently in common stocks, utilizing the long pull swings, 20% annually is a very conservative average income to expect therefrom. I expect as time goes on to deal more and more in high grade common stocks. With the exception of Building & Loan stock, I have never thus far owned a share of common stock, and never shall until I know more about this class of investments. I am studying them hard and have been for about a year. THE MAGAZINE OF WALL STREET is not merely a table decoration with me. But I am still too green to take chances with common stocks. I might add, however, that I have never lost a penny on a bond or waited a day for my interest (I am knocking on wood). I am perfectly willing to let the other fellow make the big "killings" and take the big losses.

This proposition of making a million may sound like a fairy tale, but it is a much softer job than I had when as a

barefoot boy I was paid as high as fifty cents for my fourteen hour day of farm work. Yes, I know, some people may call me a "tightwad," while other people consider that I am having a hard time making a living, as there is nothing spectacular about this. But it is easy for me to remember what has been shown to be the status of 90% of us humans at age sixty-five. I choose the "jibes" in preference to the poor house. I wish it understood, however, that if my wife or myself want anything we buy it—and pay cash for it always. We have no extravagant tastes, however. And in conclusion I want to say that if my wife was not thoroughly cooperating with me in this plan the million would already be "blowed up." I want to say also that regardless of how small my income might be I would endeavor by all means humanly possible to devise and carry out some scheme of procedure whereby I could save up a small amount regularly for a rainy day. Further, I might add, that I have not yet taken out a patent on this plan of making a million, and until I do so any or all those who might chance to read this article may adopt my plan without fear of prosecution.

ELECTRICITY IN THE FUTURE

(*Continued from page* 538)

dated Gas, Electric Light and Power Company of Baltimore, and the Commonwealth Edison Company of Chicago, are gradually approaching a ratio of \$3.00 of investment per \$1.00 of gross revenue. What these figures indicate is that the investment in power plants and transmission lines is being more and more effectively utilized.

Operating ratios of expenses to gross revenues are another example of the possibilities now latent in electric light and power operation. Technical efficiency through more modern equipment means lower operating costs. Some of the holding companies that have a number of smaller, isolated plants have operating ratios as high as 70 per cent, whereas some of the others with larger companies for subsidiaries, and with modern interconnected plants, have ratios less than 60 per cent.

The improvement in the companies that have built a number of plants during the last five years is most marked, and indicates what may be expected from those companies that are just beginning to consolidate their properties and to improve the efficiencies of their plants.

Another road to improved operating conditions is through building up a diversified load through the interconnection of territories that use electricity in different ways and at different times of the day. Technically, this is called "improving the load factor" and is of the greatest significance as a cost reducer.

The use of these high tension trans-

All of these bonds have been sold. This advertisement appears as a matter of record.

New Issue — July 9, 1925

$13,500,000

Great Consolidated Electric Power Company, Limited

(Daido Denryoku Kabushiki Kaisha)

First and General Mortgage 6½% Sinking Fund Gold Bonds

(CLOSED ISSUE)

Dated July 1, 1925 — **Due July 1, 1950**

Interest payable January 1 and July 1. Principal and interest payable in New York at the office of Dillon, Read & Co., Fiscal Agent, in United States gold coin of the standard of weight and fineness existing on July 1, 1925 (or at the option of the holder, in London, in Sterling, at exchange rate of $4.8665 to the Pound Sterling) without deduction for any Japanese taxes, when held by non-residents of Japan. Coupon bonds in denominations of $1,000 and $500. Callable as a whole or in part on any interest date after 30 days' notice at 100 and interest. The company has agreed to make application in due course to list this issue on the New York Stock Exchange. The Industrial Bank of Japan, Limited, Tokyo, Trustee; Central Union Trust Company of New York, Countersigning Agent.

A Sinking Fund will be provided, available semi-annually, sufficient to retire $300,000 bonds per annum for the first ten years and $700,000 bonds per annum thereafter, to buy bonds if available at not exceeding 100 and interest and insofar as not available to call by lot at that price. This sinking fund is calculated to retire the entire issue by maturity.

The following information is summarized from a letter to us from Momosuke Fukuzawa, Esq., President of Great Consolidated Electric Power Company, Limited:

BUSINESS AND PROPERTIES

Great Consolidated Electric Power Company, Limited, is one of the two largest producers of electric power in Japan, selling its output for the most part under long term contracts to retail light and power distributors, traction companies and large industrial consumers. In less than five years its generating capacity has increased from 25,800 k. w. to a present capacity of 255,300 k. w. The territory served has an intensive industrial development and contains a population of more than 20,000,000, including the cities of Tokyo, Yokohama, Osaka, Nagoya, Kyoto, Nara and many other cities and towns.

SECURITY

These bonds will be the direct obligation of the company and in the opinion of counsel, will be secured by closed first mortgage lien created under the laws of Japan on properties representing a cost less depreciation, as of February 28, 1925, of $33,234,478, as certified by Messrs. Harold Bell, Taylor, Bird & Co., Chartered Accountants. These properties comprise an integral part of the company's system and include generating plants having a total present capacity of 136,100 k.w., substations of 195,400 k.v.a. total present capacity and 396 miles of high tension transmission lines. The bonds will be further secured, in the opinion of counsel, by closed mortgage lien created under the laws of Japan on additional properties representing a cost less depreciation as of the above date of $37,063,367, subject only to the lien of the mortgage securing the company's Series A Bonds (closed issue), of which $14,500,000 will be outstanding upon completion of the present financing. Total properties thus securing the present issue of bonds represented a cost less depreciation of $70,297,845, and include all of the completed power plants, substations, transmission lines and distribution lines now directly owned by the company, with the exception of a small distributing system the ownership of which is to be vested in a subsidiary company.

EARNINGS

Results of operations for consecutive fiscal terms of six months each, as certified by Messrs. Harold Bell, Taylor, Bird & Co. for four fiscal terms to November 30, 1924, and as reported by the company for the fiscal term ended May 31, 1925, were as follows:

	Gross Operating Earnings	Operating Expense, Maintenance and Taxes	Net Operating Earnings	Other Income	Net Income before Interest and Depreciation
6 months ended May 31, 1923....	$1,346,355	$526,902	$819,453	$190,594	$1,010,047
6 months ended Nov. 30, 1923....	1,843,128	966,721	876,407	377,328	1,253,735
6 months ended May 31, 1924....	3,417,017	1,708,835	1,708,182	304,780	2,012,962
6 months ended Nov. 30, 1924....	3,657,291	1,472,053	2,185,238	396,906	2,582,144
6 months ended May 31, 1925....	4,572,679	2,288,640	2,284,039	375,215	2,659,254*

*In addition the company realized during this period $432,532 profit from the sale of real estate not useful in its business.

Net income before interest and depreciation for the twelve months ended May 31, 1925, as shown above, amounted to $5,241,398, or approximately 2¾ times maximum annual interest requirements of $1,892,500 on total mortgage bonds, and approximately twice maximum annual interest requirements of $2,707,000 on total mortgage and debenture bonds, to be outstanding on completion of this financing. The growth in the earnings shown above has been due primarily to increased generating and distributing capacity, generating plants aggregating 194,700 k.w. capacity having been completed or acquired during the above two and one-half year period.

CAPITALIZATION AND EQUITY

The company's outstanding capitalization upon completion of this financing will be: Mortgage Bonds: Series A, due 1944, $14,500,000, this issue, $13,500,000; Debenture Bonds: due 1929, $8,575,000, due 1930, $5,000,000; Capital Stock: 2,259,260 shares, $25 par value, fully paid, $56,481,500. Present quotations in Japan for the company's debentures and capital stock indicate a market equity in those securities of approximately $53,000,000. The company's stock is owned by more than 19,000 stockholders.

Conversions of earnings, interest charges and market quotations for the company's debentures and capital stock, from Japanese to United States currency, have been made at the rate of 40 cents per yen, approximately the present rate of exchange. All other conversions have been made for convenience at the rate of 50 cents per yen, parity being 49.85 cents per yen.

We offer these bonds for delivery if, when and as issued and accepted by us, subject to approval of legal proceedings by counsel. It is expected that delivery in the form of temporary bonds of the company or interim receipts of Dillon, Read & Co. will be made on or about July 23, 1925.

Price 86 and Interest. To Yield over 7¾% (to maturity)

Further information is contained in a circular which may be had on request

Dillon, Read & Co. — **Guaranty Company of New York**

Harris, Forbes & Co. — **Bonbright & Company**
INCORPORATED

The statements herein, based in part upon cable communication, have been accepted by us as accurate but are in no event to be construed as representations by us.

mission lines and interconnection between systems, combined with the cultivation of the "off peak" load, will help the companies to use their present equipment to much greater advantage. The mechanics of this load factor question in the case of the electric utilities is quite different from the conditions that exist in railroad operation where more cars and engines have to be put on the tracks to carry more freight; in the electrical industry, the same turbine can "carry more freight" if it is merely fed to it at a time that does not conflict with the rest of the load. Large significance must be attached to this detail of the load factor, because the present load factor, or percent of utilization of electrical equipment throughout the country is but 40 per cent. In the effort to build up this load factor, every ingenuity of merchandising and of electrical science comes into play.

Considered entirely from the common stock angle, then, there are three elements that bear directly upon future earnings; investment per dollar of gross revenues, operating ratio, and load factor. In the opinion of those in the electrical industry who are best informed on the plans and prospects of the immediate future, each of these three elements is bound to improve, and any improvement along these lines is directly reflected in the earnings on the common stocks of the holding companies. For the long range view extending over a two or three year period, this opinion is undoubtedly correct. Referred to the present market position of these holding company common stocks, however, a warning note should be injected. The immediate future of the electric companies has been overdiscounted in the present market prices for their stocks, and a reaction of sizeable proportions is almost certain to break; but in the light of the more distant future—say two or three years—the common stocks of well managed, closely integrated electric light and power companies should be purchased during the next strong reaction.

That certain companies will be on a better credit and market basis than others within the period considered is to be assumed. As a guide to those companies whose stocks may be counted upon to perform well over the next few years, reference should be made to the table of holding company common stocks. Specific recommendations may be hazardous, but a few should be watched most carefully, such as: American Gas and Electric, Middle West Utilities, American Power and Light, United Light and Power "A", and Commonwealth Power Corporation. If one wishes to diversify more, it is possible to do so through the purchase of American Superpower "B" and Electric Investors, which are discussed more extensively in another article in this issue.

As to the bonds of the electrical companies, it must be remembered that improving earnings mean better market prices for the junior securities, and more equity for the bonds.

KEEP POSTED

The books, booklets, circulars and special letters listed below have been prepared with the utmost care by investment houses of the highest standard. They will be sent free on request, direct from the issuing house. Ask for them by number.

We urge our readers to take full advantage of this service. Address, Keep Posted Department, Magazine of Wall Street, 42 Broadway, New York City.

THE STANDARD OIL GROUP

We have available a booklet containing financial statements and dividend records of two of the Standard Oil group, together with an engineers' report on their acreage and oil reserves. Send for (219).

BOND RECORD

a convenient record book for listing bond holdings, interest payments, profits, etc. Title heading of book, "My Investments." A limited number is being distributed gratis by a leading Bond House. (285).

INVESTMENT GUIDE

Issued by the oldest first mortgage house in Chicago. It explains how to invest savings at the highest interest rate consistent with safety. (256).

THE REAL ESTATE INVESTMENT OF THE FUTURE

Mr. Fred F. French, one of the country's foremost real estate authorities, has explained the operation of the French Plan in the above mentioned book. Send for your free copy (348).

WHAT COMPANIES OWN THE ELECTRIC POWER COMPANIES

(*Continued from page* 542)

of any one particular company.

The stocks of these two investment companies are to be recommended to the investor for permanent investment, particularly that of Electric Investors Inc. It must be remembered, however, that they are not, strictly speaking, investments, but if one has confidence in the future of the electric light and power industry, and confidence in the ability of the directors of these two companies, the element of diversity among a number of companies is an excellent feature and worthy of consideration by investors.

Although the table of operating-holding companies should illustrate the extent to which the electric light and power industry is becoming grouped into regional and closely integrated groups, a more graphic picture may be given by a list of the larger companies in which the Electric Bond and Share Company, the American Superpower Corporation, and Electric Investors Inc., have made investments as given in Table II.

WHAT'S IN THE RAILROAD GRAB BAG?

(*Continued from page* 502)

farmer" is a political battle cry which time does not wither nor custom stale. The farmers say they must have lower rates and the railroads that they simply have got to have higher tariffs.

Into this impassé an agile-minded individual, answering to the name of Mark W. Potter, has insinuated himself with a plan, which, to say the least, is ingenious. In fact it is something quite new in financial history and that in itself is no mean accomplishment. Mr. Potter, who was formerly an Interstate Commerce commissioner and is now one of the receivers for St. Paul, suggests that all the western carriers be given a flat 5% increase and that any road now making 5¾% on its invested capital, shall turn over the additional revenue flowing from the 5% increase, for the benefit of the roads not making 5¾% at the present time. The more you think of it the more the idea grows upon you. It does away with the idea of "favored" lines and takes nothing from the robust systems which are earning and paying their way. Of course, the farmer and manufacturer must swallow and digest the increase, but farmers and manufacturers, having no Mayor Hylan to tell them that black is white and that water can be made to run uphill, can see that even a railroad cannot live indefinitely on a starvation diet. And that, if there is not

sufficient income to pay expenses, interest and dividends on stock, no new capital can be attracted to railroad building and hence no new roads will be built. Which means the strangulation of progress. That the western roads will get something out of the Grab Bag, whether by the Potter plan or by increased rates in some other form, seems fairly certain. There are upwards of 60 roads in the northwest which have applied for relief.

Labor Joins In

Influenced, perhaps by the glowing returns which many of the carriers have been making during the last two years, Labor plans to dip into the railroad Grab-Bag. But Labor dips more gingerly these days than formerly. There is no national emergency to loosen the strings of the bag, and permit Labor to take its pick as during the War. In 1922 the shopmen thrust in a calloused fist and drew forth—a scorpion. And again about two years ago the Big Four local strike cost the labor unions approximately $3,000,000. That hurt. Undoubtedly Labor, on the theory that if you never ask you never receive, will make a gesture but whether it will be more than a gesture remains to be seen.

So the railroad stockholder, in view of the multiple doubts which cloud the railroad situation, might well exclaim with little Jeff, "What a life." But however scrambled the picture may appear from a nearby point of view, the broad aspect is one of progress. Railroad and railroad stockholders, in the aggregate, are better off today than they have been in a decade and the indicator still points upward. The entire railroad situation is undergoing a transformation. Perhaps evolution is the better word. The end of the movement, in the writer's humble opinion, will be a stabilization of the railroad situation, with railroad securities in a position something like that which public utilities now enjoy. The process will take a lot of time. Big and important evolutions always do.

WHAT DOES THE FUTURE HOLD IN STORE FOR THE GAS COMPANIES?

(*Continued from page* 544)

measuring standards on the British Thermal unit system has now become almost universal among public utility commissions throughout the states and aided the companies to a great extent in bringing down the costs of production.

That the consumption of gas is likely to continue to increase seems certain and there are a number of good reasons as to why it should. The chief argument of the gas experts is that dwindling of the Nation's resources in time will compel industry to depend

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ODD LOTS

A well known New York Stock Exchange firm has ready for free distribution a booklet which explains the many advantages that trading in odd lots offers to both small and large investors. (225).

FOUR DISTINGUISHING MARKS

This 8-page booklet, issued by one of the largest first mortgage real estate bond houses, shows you how to "check up" first mortgage real estate bonds. Send for (264).

SAFETY FIRST

Protect yourself with the experience of this First Mortgage Real Estate Bond house contained in this interesting booklet. Ask for (341).

WHY FLORIDA, FIRST MORTGAGE INVESTMENTS PAY UP TO 8%

A concise, common-sense statement of five logical reasons why investors may at this time send their money to Florida and get 8% on sound first mortgage security. Sent without charge on request. Ask for 344.

more and more upon gas for heating purposes. The argument is made that the most effective way to conserve the Nation's oil and coal supply is to first convert it into gas obtaining all the by-products and in addition a greater amount of heat.

In the foregoing comments, little account has been taken of natural gas industry which of course can produce and distribute the product at a much lower rate than those companies having to manufacture the gas. The largest gas fields in this country are in the West Virginia region. The province of Alberta in Canada also contains a very large deposit of gas which has only as yet been scratched owing to the small demand. That there is very little likelihood of the natural product gaining a larger proportion of the output is certain unless there should be discovered large deposits of gas in this country, a contingency which now appears extremely unlikely.

Natural gas reserves in certain sections of the country are already being depleted and the prediction is made that the manufactured product will continue as it has for the past few years to make up a larger proportion of the consumption being supplied from these sources.

Oil has been mentioned as a possible rival for gas and a few years ago when it had not yet become apparent that the reserves were being depleted, the argument seemed well founded. Oil when used as fuel has many of the advantages of gas, chief of which is the fact that it is easy to handle and eliminates practically the smoke nuisance attendant upon the use of coal. Were it not for the fact that demand for oil from other sources seems well able to absorb the production except in abnormal times, this product would undoubtedly in time become a serious rival to gas but little thought is now given to this argument in view of its price and depletion of available supplies.

Gas Securities Popular

Reflecting the stability of the gas industry, securities of the gas companies within the past few years have come to be one of the most favorite means of investment among those seeking to place their funds in public utility issues. Any doubt of this is quickly dispelled by a glance at the selling prices of some of the issues. Take the more prominent companies such as Consolidated Gas (N. Y.), Brooklyn Union Gas, Peoples Gas Light & Coke, Laclede Gas Light Co. and numerous others. Their securities and those of practically all the other companies sell at prices which vie with those of the power companies.

The decisions in the so-called Dollar Gas cases in New York City which have uniformly been decided in favor of the gas companies, safeguarding their rights, has had a national effect and has done much to stabilize prices of gas securities all over the country. The Federal Courts have laid down the

law that gas companies must be protected if they are to continue to furnish this public necessity.

What then is the future for the gas industry? Taking the past few years, total manufactured gas consumption in 1918 was 272 billion cubic feet. In 1919 it passed the 300 billion mark, reached 350 billion in 1922 and in 1924 had climbed to 405 billion cubic feet. The curve of consumption has been accelerated most during the past four years. Taking all in all, there is every indication that with the conditions in the industry there is no reason but to expect that within the next few years at least the curve of consumption will continue upward as it has, meaning prosperity for gas companies given reasonable freedom from onerous rate interference.

NINE LESSER STANDARD OILS OF MERIT

(*Continued from page* 519)

probably in every home in the United States. The word "Vaseline" is a trade-mark name and owned by Chesebrough. In addition, the company turns out such products as camphor ice, petroleum jelly, mentholated petroleum hair tonic, oxide of zinc ointment, etc. The company operates plants at Perth Amboy, N. J., Pittsburgh, Pa., (14 acres), Montreal and London.

This company departs from the usual Standard Oil custom by having a preferred issue totaling $1,000,000. Last year, the company declared a common stock dividend of 100%, bringing the total outstanding up to $3,000,000 and decreased the par from $100 to $25. In June, 1916, the company increased the outstanding common from $500,000 to $1,500,000 by the payment of a 200% stock dividend. A special meeting of stockholders has been called for August 3 to vote on the proposition to redeem the preferred which is retirable at $112.50 per share. This action will leave the common as the company's only capitalization. The announcement resulted in activity and strength in the junior issue. At 65 Chesebrough common returns 3.8%.

The fact that the company has discontinued income statements makes it difficult to appraise the value of the common stock. Its long and impressive dividend record and the fact that it has an aggressive management leaves little doubt as to the company's abilities as a money-maker. The position of the common will be improved by the retirement of the preferred; and as a long-pull investment the junior issue is attractive.

MAGNOLIA PETROLEUM

This company represents the consolidation of various oil interests situated in Texas and elsewhere and is a complete unit engaged in the production, transportation, refining and mar-

keting of petroleum and its products. It has a refining capacity of approximately 68,000 bbls. daily and its five plants are situated in Texas. Refining and marketing operations are supported by a large number of producing leases in Texas, Oklahoma, Arkansas, Kansas and Louisiana with a daily production of about 47,000 bbls. About 70% of the company's stock is owned by the Standard of New York. There is a small funded debt totaling $8,500,000 and the outstanding stock aggregates $180,247,100, par $100. In December of 1922, a 50% stock dividend was declared and this year, two stock dividends of 1% each were declared payable in April and October in addition to $1.00 in cash.

Magnolia Petroleum is a sizable company and has paid handsomely in cash and stock over a period of years. The company has been conservative in the matter of write-offs and at the time of the last annual report had a working capital of approximately $34,500,000. Net assets applicable to the outstanding stock total more than $100 per share.

At the end of January the company owned large quantities of crude and refined oil acquired under favorable conditions. The current year, therefore, should be one of large earnings for Magnolia. While the price of 147 a share given in the table herewith, discounts to some extent the company's prospects, it does not fully measure up to the strong general oil situation or the outlook for the company this year. The issue is an attractive business man's investment with the probabilities of more extra distributions in cash or stock before the end of the year.

SOLAR REFINING

Solar Refining is one of the small capitaled Standard Oils. The high price of its stock would appear to indicate that the company is approaching the time when a larger capitalization would be justified. Solar is nearly 40 years old, having been incorporated in 1886. The company owns a refinery at Lima, Ohio, with a maximum capacity of 8,000 bbls. daily and has pipe line connections with the Buckeye Pipe Line Co. and Illinois Pipe Line. There is no funded debt and the entire capitalization consists of $4,000,000 authorized and issued capital stock.

Solar has been a liberal dividend payer, its record for the last few years being as follows: 1920, 50% including 40% extra; 1921, 10%; 1922, 15% including 5% extra; 1923, 10%; 1924, 15% including 5% extra. This year, to date, the company has declared a $5 dividend. The company has a working capital of approximately $5,000,000. Cash and investments total $3,500,000, round figures, or nearly the total of the outstanding capitalization. Behind the stock are net tangible assets of nearly $185 per share. Solar Refining is small but compact. Its long earnings and dividend records entitle the issue to a high investment

rating. As a long-pull investment it should prove very satisfactory.

STANDARD OF KENTUCKY

Like Solar Refining, the Standard Oil Co. of Kentucky is nearly forty years old. The company owns a refinery at Louisville, Ky., with an annual output of about 500,000 bbls. of gasoline in addition to other by-products. There is no funded debt. In April of 1922, the company increased the authorized capital stock from $6,000,000 to $12,000,000 and in December to $17,500,000, par $25. There is $16,864,435 outstanding. On its old, $100 par stock, Standard of Kentucky paid very large dividends and the issue sold in 1919 over $500 a share. In the last three years the company has earned, on average, nearly twice the present $4 dividend, last year showing $7.08 on the stock. Considering the fact that 1923 and 1924 were not favorable oil years Standard of Kentucky did remarkably well. At the present time the issue is close to its high for the year but only about ten points above the low. The company is well situated and in excellent financial shape. Its stock should prove profitable over a period of time.

VACUUM OIL

Vacuum is one of the oldest of the Standards, being in its sixtieth year. It is engaged in the refining and marketing of petroleum and does a large export business. The company specializes in the manufacture of high-grade lubricants and its "gargoyle" trade-mark is universally known. In 1923, it was reported that the company would deviate from its policy of manufacturing only, and would enter the producing field. In accordance with that decision a geological department was opened in Houston, Texas, and a large acreage of potential oil lands was acquired, especially in the state of Texas. It was understood that the company would not undertake to develop those properties immediately but would hold them as potential reserves of crude oil.

Vacuum owns and operates refineries in the United States at Olean, N. Y. and Paulsboro, N. J., having a combined capacity of 18,000 bbls. per day of crude petroleum. It also owns compounding and finishing plants at Bayonne, N. J. and Rochester, N. Y. It owns a fleet of 9 ocean-going tank steamers which are used in connection with the company's large foreign business.

Vacuum has $16,100,000 bonds outstanding and its stock capitalization consists of an authorized issue of $70,000,000, par $25, with $61,919,950 outstanding. In 1922, a 300% stock dividend was declared and the par reduced from $100 to $25. Vacuum has always earned substantial margins above its dividend requirements with the result that the equities behind its stock have continually increased. At 89, the issue is selling 7 points below the high for the year and should be bought to be held.

LAYING THE GHOST OF FEDERAL RAIL CONTROL

(*Continued from page 496*)

can be held against but few roads at the present time.

Wall Street, the executives and other close students of the transportation system are convinced that the roads have gone about as far as is possible along the forward path which leads to that cherished goal—railroad credit. If the efforts of the past five, and more particularly the past two years, have not enabled the lines to establish their credit in the minds of the investing public, surely some outside agency should be resorted to in order to realize this aim.

The recent suggestion of Mark W. Potter, former member of the Interstate Commerce Commission and at the present time one of the receivers for the St. Paul, that the roads in the Northwest be given a 5 per cent rate increase which shall be "pooled" and pro rated among the several lines in accordance with their needs, has created much interest and no little comment in the financial community but to date no expressions of official opinion have been forthcoming.

One senses a quite natural hostility on the part of the owners of the strong roads who see possible increases in their profits partitioned up among the weak sisters. The fact remains, however, that the method suggested would prove a means to an end. The Transportation Act of 1920 provides for the "recapture" of the earnings of a railroad in excess of the arbitrary return of 5¾ per cent on valuation. Many strong carriers have been forced to turn over certain moneys to the Government because they were lucky enough, or unlucky enough, to come within the prescribed zone of prosperity. These funds are still impounded awaiting the arrival by the commission and the railroad experts at final valuations on which overpayments may be adjusted.

The property investment in the railroads as of the first of this year was placed by the Bureau of Railway Economics at $23,534,565,647. Since the roads were returned to their owners, $2,778,844,014 has been added to bring the investment to this figure. On property investment, the Class 1 roads have earned as follows: 1921, 2.92 per cent; 1922, 3.61 per cent; 1923, 4.48 per cent and 1924, 4.33 per cent. There still is quite a hiatus between the actual and the theoretical. Aggregate net railway operating income for the roads in 1920 was $12,100,759; in 1921, $601,138,916; in 1922, $769,411,093; in 1923, $974,920,858, and in 1924, $987,133,417.

The railroad presidents are fighting as they never did before for their share of the almighty dollar. Each move which may mean a loss of money at the end of the year is watched with the

greatest degree of attention until the threat has passed. The commission has handed down several important decisions which have worked to the advantage of the carriers, thus saving them from losing money which was badly needed to build up the precious net income.

At the risk of introducing an irrelevant note it should be pointed out here that one thing which has perhaps done more than anything to make for smooth sailing on the part of the transportation industry has been that clause of the Tranpsortation Act which put the several state railroad commissions in their place and left the enlarged Interstate Commerce Commission as the sole body to which the railroads are responsible in their conduct of interstate commerce.

For the most part, the witch doctors and medicine men have folded their tents and left the halls of Congress to others of a less "progressive" turn of mind. Railroad men say, however, that it wouldn't be Congress at all unless every little while a measure were introduced and directed against the industry in one way or another. The business of the executives is to separate the sheep from the goats and go to the mat with the goats for all they are worth. There are still one or two sore spots but for the most part the bruises contracted in the rough and tumble game of winning the war have disappeared.

The "Progress Special," crack train of American Railroad, Inc., has whistled through the last stretch of bad track, and with its headlight searching the straightaway before it, the mighty engine "efficiency" is pulling its heavy load easily and at an even sixty miles an hour. Aside from an occasional yellow signal of caution it looks like a good run with nothing to prevent train and crew from reaching their destination on time.

Important Corporation Meetings

Company	Specification	Date of Meeting
Hudson Motor Car	Directors	7-20
Mexican Seaboard Oil Co.	Directors	7-20
Stewart Warner Speed	Dividend	7-20
American Tel. & Tel.	Directors	7-21
Munsingwear, Inc.	Dividend	7-21
Household Products	Special	7-22
Punta Alegre Sugar	Directors	7-22
Standard Milling	Pfd. & Com. Divs.	7-22
U. S. Hoffman Mach.	Pfd. & Com. Divs.	7-22
Wright Aero Corp.	Dividend	7-22
Household Products	Directors	7-23
Coca-Cola	Com. Div.	7-27
Consol. Cigar	Pfd. Div.	7-27
Indep. Oil & Gas	Dividend	7-27
Union Tank Car	Pfd. & Com. Divs.	7-27
Beth. Steel	8% & 7% Pfd. Divs.	7-28
Brooklyn Edison	Dividend	7-28
Hayes Wheel Co.	Pfd. & Com. Divs.	7-28
Illinois Central	Pfd. Dividend	7-28
Island Steel	Dividend	7-28
Norfolk & West Ry.	Directors	7-28
Pa. Coal & Coke	Directors	7-28
U. S. Steel Corp.	Pfd. & Com. Divs.	7-28
Amer. Tobacco	Com. & Com. B Divs.	7-29
Delaware & Hudson	Directors	7-29
Liggett & Myers Tob.	Com. Divs.	7-29
Lima Locomotive	Com. Div.	7-29
American Metal Co.	Pfd. & Com. Divs.	7-29
Consol. Gas N. Y.	Com. Div.	7-30
Studebaker Corp.	Pfd. & Com. Divs.	7-30
White Motor Corp.	Dividend	7-30
Cushman's Sons	Pfd. & Com. Divs.	8-3
Brown Shoe	Com. Div.	8-4
Timken Roller Bearing	Dividend	8-4
Federal Light & Trac.	Pfd. & Com. Divs.	8-5
Standard Gas & Elec.	8% Pfd. Divs.	8-5
May Dept. Stores	Directors	8-6

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A wealth of information awaits you in this book about a First Mortgage Real Estate Bond created up to an unusual standard and trust guaranteed both as to principal and interest. Send for (347).

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containing important information on Florida will be sent free on request. Ask for (134).

USE OF OPTIONS

The exceptional profit possibilities in Stock Option and their uses to supplement margin and for protection against losses in the Stock Market fully explained in a free circular. (284).

8% AND SAFETY

To hasten the rapid growth of Florida, the rate for first mortgage bonds in that state is 8%. This interesting booklet tells why they are safe. (322).

Bank and Insurance Stocks

Quotations as of Recent Date ‡

National Banks:

	Bid	Asked
American Exchange (16)	408	415
Chase (20A)	450	455
Chatham & Phenix (16)	327	333
Chemical (24)	670	680
City (20B)	488	493
Commerce (16)	369	375
First (N. Y.) (100)	2700	2750
Garfield (12D)	370	...
Hanover (24)	1000	...
Harriman (10E)	475	495
Mechanics & Metals (20)	415	420
Park (24)	500	515
Public (16)	500	510
Seaboard (16)	545	...

Trust Companies:

	Bid	Asked
Bankers (20)	490	496
Central Union (24F)	825	...
Equitable (12)	285	290
Farmers L. & T. (16G)	500	510
Guaranty (12)	342	348
Irving Bk.-Col. Tr. (12)	286	290
Lawyers T. & G. (10H)	280	295
Manufacturers (16)	400	410
United States (60)	1800	1842

Insurance Companies:

	Bid	Asked
Aetna Fire (24)	590	600
American Surety (6)	145	149
Carolina (1.00)	37	40
Continental (6)	112	115
Fidelity-Phenix (6)	162	166
Glens Falls (1.60)	38	41
Globe & Rutgers (28)	1400	1425
Great American (16)	281	285
Hanover (5)	178	185
Hartford Fire (20)	580	590
Home (18)	360	365
Milwaukee Mech. (2.20)	41	43
National Fire (.20)	700	710
National Surety (9)	216	220
Niagara (10)	235	245
North River (4)	108	112
Stuyvesant (6)	220	226
Travelers (16)	1255	1265
United States (4)	140	145
Westchester (2.50)	45	47

A—Includes dividends from Chase Securities Corporation.

B—Includes dividends from National City Co.

C—2% extra, 1/2/24.

D—3% extra, 12/31/24.

E—5% extra, 7/10/24 and 1/2/25.

F—4% extra, 1/2/25.

G—Interim dividend of $2 paid 3/2/25 to holders of record 2/21/25.

H—1% extra, 7/1/24 and 1/2/25.

‡Dividend rates, in dollars per share, shown in parenthesis.

BANK and Insurance stocks were generally strong during the fortnight.

Demand was encouraged by the excellent condition statements recorded by most institutions as of June 30th. For example, the largest banking institution in the United States—The National City Bank—reported total resources of more than $1,154,000,000 as against approximately $1,103,000,000 two months previous; total deposits exceeded $910,000,000 as against some $828,000,000 as of April 6th. In June of last year, this institution's deposits approximated $843,000,000; and in the previous "peak year"—1920—the largest volume attained by deposits was $799,000,000.

Another excellent showing was that of the National Bank of Commerce, whose totaled deposits attained the record volume of more than $504,000,000 in contrast with deposits of $363,000,000 as of the last previous call. Total resources of this institution were up from $494,000,000 to over $604,000,000; and undivided profits were brought up from $14,979,529 in April to $15,234,963.

Investors in Bank Stocks can, of course, derive considerable satisfac-

tion from these June 30th figures. They show what this department of THE MAGAZINE OF WALL STREET has been endeavoring to point out for some time, viz. that the large institutions of the New York area have been forging ahead at a remarkable rate despite the comparatively low money rates prevailing. The explanation of course lies in the increase in earnings-assets.

Insurance stocks were, as a rule, quiet and firm. Interest in this group, however, appears to be broadening, helped no doubt by the better understanding of the field which investors are acquiring. While the tendency is to favor old established companies, no little interest is being evinced in the securities of the newer companies associated with large groups. Among these may be mentioned Carolina Insurance Co. and the Homestead.

Securities and Commodities Analyzed in This Issue

SOME ENLIGHTENMENT ON SHORT SALES

SHORT selling and short sales is an accessory, a function, and also a facility. It plays a bigger role in the American security and commodity markets than anywhere else in the world. While short selling in various commodities like grain, sugar, or coffee, amounting practically to a *contract to deliver in the future*, is almost universal in the international markets like New York, New Orleans, Liverpool, Buenos Aires, London, Antwerp, Hamburg—in fact wherever great ports or delivery and receiving points exist—the same is not equally true of securities (bonds and shares).

Short sales, and more particularly full and free facilities to sell short *legitimately*, tend to widen the sphere of the market using that facility, make the securities affected far more liquid and negotiable, provide buyers (those who "cover") at every point in a decline and stabilize such market no less effectively than the necessary "governor" used in stationary engines, or a "gyroscope" in aeroplanes or ships. Short sales provide *balance* and prevent panics in a large degree: and where a panic cannot be avoided, the short interest—that is, those who are short—provides very often the only buying power available, and almost invariably checks the first great reaction.

We hear a good deal about the investor being *constructive*, the bull and buyer being on the *constructive side*. The bear is usually unpopular, and the professional short-seller is always detested. But in some respects these people are also constructive, in their own way. They are often the only people found sitting on the lid when the pot threatens to boil over. They check over-enthusiasm, pay dearly for their mistakes without a whimper if they become skeptical too soon, and in their own way perform a really constructive service to the community. It should never be overlooked also that sometimes short sales become a necessity: they are very often highly expedient: and quite legitimately form part and parcel of the general scheme of things which makes up the great American *open* markets.

The writer has been asked to enlighten our subscribers on some of the more essential points covering short sales. The subject is very broad and we doubt if any one ordinary sized volume would cover it. However, even the *investor* should know, for his own protection, "what it is all about." It is a great mistake for the unbiased, genuine *buyer* of securities—stocks or bonds—to shut his eyes and ears to the subject, and class the whole thing as something altogether "too speculative" for his consideration. It is *not* speculative under certain conditions. Even the investor can sell short, and be on the short side only technically. He may find it very necessary to sell short to protect himself or to use short contracts as a "hedge" under certain circumstances.

We have known of thousands, nay hundreds of thousands of dollars saved by "a line of shorts" put out to protect long stock held for investment, where serious doubt arose as to the trend (1920 to 1921). We have seen bull markets in industrials running on the adjoining track with railroads—but both going in opposite directions. We had an historical bull market in steels, copper, motors, oils, and war brides from 1915 on, while the rails slipped down to panic levels by the fall of 1917. Short sales of rails throughout 1916-1917 would have offset any danger in holding industrials at the then prevailing high prices, and provided further large profits.

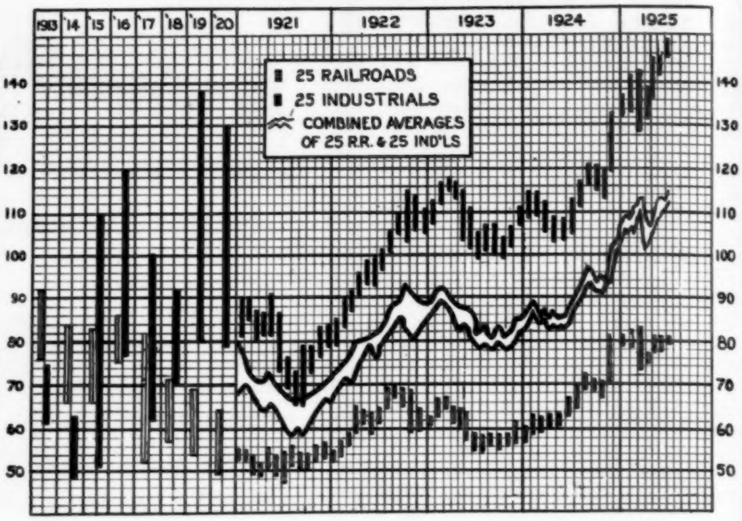
In the past three years while public utilities, rails, merchandising securities, and certain "motors" have climbed to unheard of levels, the oil shares slipped down almost into the sub-basement: the rubbers and sugars did the same thing for a long time. The three latter groups would have provided a satisfactory "hedge" through the medium of short sales. There are endless opportunities in this field, and the writer would urge every one of our readers to make a study of the subject for the purpose of learning in a broad way something about the machinery of short-selling so necessary to an intelligent understanding of *constructive investing.*

Important Dividend Announcements

Note—To obtain a dividend directly from the company the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

Ann'l Rate		Amount Declared		Stock Record	Payable
$6	Allis-Chalmers	$1.50	Q	7-24	8-15
$5	Am. Bank Note cm.	$1.25	Q	8-1	8-15
$5	Amer. Can cm.	$1.25	Q	7-31	8-15
$7	Am. Smelt. & R. pf.	$1.75	Q	8-7	9-1
$1.20	Am. Water Wks. cm.	$0.30	Q	8-1	8-15
$6	Am. Water Wks. Part pf.	$1.50	Q	8-1	8-15
$7	Am. Water Wks pf.	$1.75	Q	8-1	8-15
$3	Anaconda Cop.	$0.75	Q	7-18	8-24
6%	Atlas Powder pf.	1½%	Q	7-20	8-1
5%	Balt. & Ohio cm.	1¼%	Q	7-18	9-1
4%	Balt. & Ohio pf.	1%	Q	7-18	9-1
....	Central R. R. N. J.	2%	Ext	8-5	8-15
$2	Century Ribbon cm.	$0.50	Q	7-20	7-31
$7	Century Ribbon pf.	$1.75	Q	8-21	9-1
....	Childs Co. cm.	1%	Stk	8-28	10-1
$2.60	Col. G. & El. cm.	$0.65	Q	7-31	8-15
$7	Col. Gas & El. pf.	$1.75	Q	7-31	8-15
7%	Consol. Cigar pf.	1¾%	Q	8-15	9-1
$9	Del. & Hudson	$2.25	Q	8-28	9-21
8%	Diamond Match	2%	Q	8-31	9-15
....	du Pont (E. I.)	40%	Stk	7-27	8-10
$6	Elec. Bond & Shr. pf.	$1.50	Q	7-18	8-1
$2.40	Fair. The, cm.	$0.20	M	7-20	8-1
$5	Fisher Body cm.	$1.25	Q	7-21	8-1
$8	Gen'l Cigar cm.	$2.00	Q	7-22	8-1
$7	Gen'l Cigar pf.	$1.75	Q	8-24	9-1
$3	Household Prod.	$0.75	Q	8-14	9-1
$7	Illinois Cent. cm.	$1.75	Q	8-5	9-1
$1	Intertype Corp.	$0.25	Q	8-3	8-15
....	Intertype Corp.	$0.25	Ext	8-3	8-15
....	Iron Products	$0.75	—	7-16	7-30
$7	Loose-Wiles 2nd	$1.75	Q	7-18	8-1
7%	Macy, R. H., pf.	1¾%	Q	7-18	8-1
$1	Marlin-Rockwell	$0.25	Q	7-20	8-1
$1	Miami Copper	$0.25	Q	8-1	8-15
$7	Norf. & Western cm.	$1.75	Q	8-31	9-19
$1.80	Orpheum Circuit	$0.15	M	7-20	8-1
7%	Phillips-Jones pf.	1¾%	Q	7-20	8-1
$4	Postum Cereal	$1.00	Q	7-21	8-1
$7	Pressed Stl. Car pf.	$1.75	Q	8-18	9-8
8%	Reading Co. cm.	2%	Q	7-20	8-13
4%	Reading 1st pf.	1%	Q	8-24	9-10
....	Reming. Type. 2d pf.	$2.00	—	8-4	8-14
6%	Sav. Arms. 2d pf.	1½%	Q	8-1	8-15
$8	U. S. Rubber 1st pf	$2.00	Q	7-20	8-15
$5	Wabash pf "A"	$1.25	Q	8-10	8-25
$7	West Penn Co. pf.	$1.75	Q	8-1	8-15
$3	Wrigley, Wm., Jr.	$0.25	M	7-20	8-1
$4	Yell. Cab (Chic.)	$0.33⅓	M	7-20	8-1
$2.52	Yell. Cab Mfg. "B"	$0.21	M	7-20	8-1

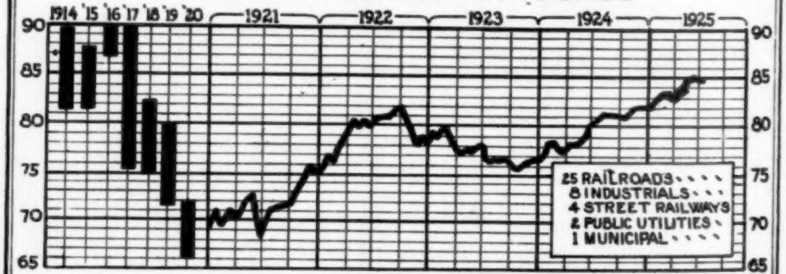
Stock Market Averages



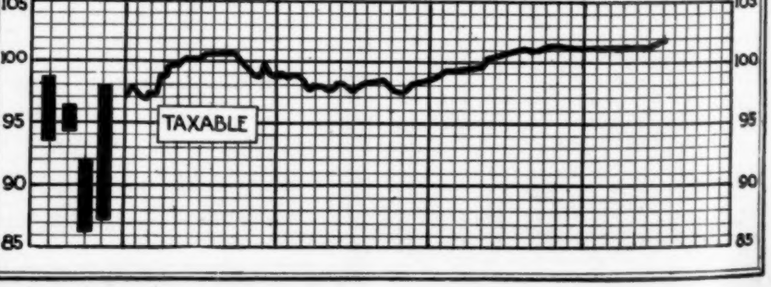
MARKET STATISTICS

	N.Y.Times 40 Bonds	Dow, Jones Avgs. 20 Indus.	Dow, Jones Avgs. 20 Rails	N.Y.Times 50 Stock High	N.Y.Times 50 Stock Low	Sales
Thursday, June 25....	84.65	128.28	98.04	112.00	111.25	948,191
Friday, June 26.......	84.63	129.17	98.41	112.31	111.41	1,177,336
Saturday, June 27....	84.54	129.73	98.57	112.59	111.97	689,704
Monday, June 29.....	84.52	129.23	97.80	112.77	111.64	1,130,986
Tuesday, June 30.....	84.35	131.01	98.41	112.42	110.93	1,454,500
Wednesday, July 1....	84.51	131.76	98.85	113.82	112.61	1,533,420
Thursday, July 2.....	84.61	131.53	99.08	114.10	112.94	1,420,850
Friday, July 3.......	84.56	131.52	98.75	113.60	112.54	1,266,946
Saturday, July 4......		HOLIDAY			HOLIDAY	
Monday, July 6.......	84.58	132.31	99.02	114.22	113.18	1,102,391
Tuesday, July 7......	84.72	132.70	99.38	114.62	113.65	1,364,051
Wednesday, July 8....	84.71	133.07	98.89	114.75	113.69	1,496,550

Average Price of 40 Bonds



U.S. Government Bond Average



FIFTY YEARS OF TELEPHONY

(Continued from page 552)

compared with 76 shares in 1900. This indicates how the small investor is supplanting the large investor. Over one-sixth of the company's shareholders are employes and about 150,000 employes of Bell system companies and their subsidiaries are now paying for stock in installments under the Employes Stock Plan.

Earnings of the A. T. & T. come mainly from dividends and interest on funds advanced to associated companies, interest on temporary investments, payments by the companies for services and the use of telephone instruments, and revenues from the operations of its long distance lines. For the last twenty-five years the company's earnings, not including its equities in undivided profits of associated companies, have averaged more than $10 per share per annum.

Of the world's telephones approximately 29% are government operated and 71% privately operated. It is of interest to note that there are no government operated systems in the United States and that less than 2% of the telephones of North America are government operated. In Europe, however, less than 11% of the telephones are privately operated. Which may be another reason why the rest of the world is so far behind us in telephony.

To date the radio has not proved to be a competitor of the telephone. That it will ever become a serious rival is open to debate. At least it is not likely to supplant the telephone to any extent for many years to come. The fact that the industry has much development ahead and also the limitations of the air would appear to indicate that the two industries are likely to continue to operate in distinct fields. Confirmation of that opinion is found in the sale of A. T. & T.'s holdings in the Radio Corporation of America. The telephone company felt that it was not justified in continuing to hold the stock of a company not closely identified with its own sphere of activity. That the telephone company does not fear the radio is shown by the fact that its engineers are working on radio development and have made important contributions to the industry. In addition the company maintains a large broadcasting station.

That the telephone industry in this country will continue to develop on a large scale is almost self-evident. As our wealth and population increases there will be a commensurate increased demand for telephone facilities. Those who have developed the American Telephone & Telegraph Co. have blazed the way and it remains only for their successors to follow the broad lines which have made that organization one of the world's greatest and gained for its stock the designation of the world's premier investment security.

Over-the-Counter

IMPORTANT ISSUES

Quotations as of Recent Date*

Aeolian Co. pfd. (7)	80 — 90
Aeolian Weber	18 — 22
Aeolian Weber pfd. (7)	85 — 92
Allied Packers	7 — 8
Sr. Pfd.	14 — 18
Pr. Pfd.	57 — 60
Alpha Port. Cement (6)	135 —140
American Arch (5P)	120 —123
American Book Co. (7)	130 —140
Amer. Cyanamid (4P)	118 —123
Pfd. (6)	82 — 85
Amer. Thread pf. (5%)	3⅞— 4
Atlas Port. Cement (4)	50 — 52
Babcock & Wilcox (7)	134 —136
Barnhart Bros. & Spindler:	
1st Pfd. (7) G	103½—106½
2nd Pfd. (7) G	95 — ..
Borden Co. (4) ....New	83 — 88
Pfd. (6)	106 — ..
Bucyrus Co. (5)	143 —148
Pfd. (7)	104 —108
Celluloid Co.	22 — 27
Pfd. (8)	72 — 77
Congoleum Co. pfd. (7)	102 —104
Crocker Wheeler	.. — 22
Pfd. (7)	.. — 78
Devoe & Raynolds (6P)	123 —127
Eisemann Mag. pfd. (7)	47 — 52
Franklin Rwy. S.	92 — 96
Gen. Optical pfd. (3½)	26 — 28
Gen'l Rwy. Sig. (6½s)	170 —175
Hale & Kilburn pfd.	15 — 18
Ide (Geo. P.) & Co. Inc.	.. — 7
Pfd. (8)	60 — 65
Jos. Dixon Crucible (8)	144 —147
Johns-Manville, Inc. (3)	136 —140
Knox Hat	40 — 45
2nd Pfd.	55 — 60
Pr. Pfd. (7)	87 — 93
Lehigh Port. Cement (3)	89 — ..

McCall Corp.	93 — 99
Pfd. (7B)	122 — ..
Nat'l Fuel Gas (6)	112 —115
New Jersey Zinc (8P)	185 —187
Niles-Bement-Pond	37 — 39
Pfd.	60 — 66
Phelps-Dodge Corp'n (4)	100 —105
Pierce, But. & P'ce (8)	107 —112
Pfd. (8)	98 —102
Poole Eng'g (Md.)	
Class A	12 — 15
Class B	12 — 15
Richmond Radiator Co.	25 — 20
Pfd. (7)	114 —118
Royal Bak'g Powder (8)	143 —147
Pfd. (6)	101 —103
Safety Car H. & L. (8)	118 —121
Savannah Sugar (6)	110 —115
Pfd. (7)	104 —108
Sheffield Farms (6)	175 — ..
Pfd. (6)	98 —101
Singer Mfg. Co. (10P)	270 —275
Singer, Ltd. (¼)	9 — 9⅛
Superheater Co. (K)	139 —142
Technicolor, Inc.	5½— 6⅛
Thompson-Starrett (6)	100 — ..
Pfd. (8)	99 — ..
Victor Talk'g Mach. (8)	68 — 72
White R'k, 2d Pfd. (6P)	180 —220
1st Pfd. (7)	99 —102
Yale & Towne (4P)	65 — 67

*Dividend rates in dollars per share designated in parentheses.

B—Arrears being discharged at rate of 7% annually in addition to regular dividend rate.

G—Guaranteed as to principal and dividend by Amer. Type Founders.

K—Dividend rate not established.

P—Plus Extras.

OVER-THE-COUNTER stocks displayed a generally firm undertone during the fortnight. *Savannah Sugar* made a new high record. President Coolidge's recent decision to make no reduction in the sugar tariff has tended to strengthen the position of domestic sugar producers.

Beaver Board Preferred, which sold down to the lower twenties some time back, has developed renewed activity and strength, recovering to around 38. The decline in this stock was, apparently, based upon nothing more than lack of public interest in the shares. Conditions surrounding the company do not offer any justification for the previous unsettlement.

Alpha Portland Cement has lived up to the expectations of this department by moving into a higher price range since the shares were analysed in these columns. *American Book, Sheffield Farms,* and *Singer, Ltd.,* were among the more prominent strong spots. *Technicolor* has received an order from Famous Players for 2,000 of color film insert for the latter's screen version of the Ziegfeld Follies.

General Railway Signal 6½% bonds will be called for redemption on October 1, 1925, at 110 and accrued interest. Holders of these bonds should take advantage of the conversion privilege to exchange their bonds for common stock, par for par, before the date of redemption. Failure to do so will mean a loss represented by the difference between the existing market price and the call figure, 110.

White Rock 2nd preferred was brought to the attention of our readers about a year ago. Since that time, the shares have shown steady appreciation in market value, based upon favorable developments affecting the company. It seems pertinent, therefore, to consider recent events.

The upward trend of earnings revealed by results during the past three years, has continued. For the three months ended March 31, 1925, net earnings were $205,449 after all expenses and charges. Profits for April and

May alone were practically equal to those for the entire first quarter. It is probable that June earnings will establish a new high record and net income for the second quarter is expected to approximate $350,000.

On the basis of this showing, White Rock is earning at the rate of roughly 1.2 million dollars per annum. The second preferred stock, after payment of the regular $5 dividend, is entitled to receive additional payments at the rate of five times any distribution in excess of $1 a share on the common. Making allowance for this participation feature and for dividends on the first preferred shares, indicated earnings for 1925 are at the rate of $21 a share for the second preferred stock. This compares with actual earnings of $14.99 a share last year and $12.73 the year before that.

Prohibition has undoubtedly stimulated sales of the companies soft drinks and mineral water, aided by aggressive advertising and skillful distribution. Although White Rock is not required, by the nature of its business, to carry heavy working capital, it had but $36,000 of current liabilities on March 31, 1925, against 1.47 millions of current assets.

This strong financial condition justifies a generous disbursement of earnings. In addition to the regular $1.50 quarterly dividend, an extra payment of $4 a share was recently declared, payable quarterly to the 10,000 shares of second preferred stock.

Considered as a $10 dividend payer, the 2nd preferred affords a yield of but 4.5% on the basis of bid prices shown above. However, in view of the steady progress being made and the fact that current earnings are equivalent to approximately 10% on the current market price, the second preferred stock does not appear to have entirely exhausted its speculative possibilities.

Yale & Towne Manufacturing Co. produces a line of locks, building hardware, door closers and the like with which most of us are quite familiar. In addition, the company makes and distributes electric hoists and industrial trucks. Branches are maintained throughout Canada, Great Britain and Europe. Manufacturing plants are located at Stamford, Conn., St. Catherines, Canada and Altona, Germany. The last named is a recent addition to the company's works.

While the business is subject to more or less variation from year to year, Yale & Towne has a well developed earning capacity as evidenced by the fact that shareholders have received dividends in every year since 1904. Payments have varied between a minimum of 6% in 1905 to a maximum of 20% in the past seven years, exclusive of 33 1/3% and 50% stock dividends during 1910 and 1914.

Par value of the 10 millions capital stock was reduced from $100 to $25 when, in November, 1922, the company declared a 100% stock dividend and exchanged four new shares for one old. There is no funded debt or preferred

(*Please turn to page* 596)

(*Continued from page* 516)

income for herself by means of an Endowment Policy is taking a prudent and conservative course. She need have no anxiety regarding her investment when placed in a good Old Line life insurance company and she can confidently look forward to receiving the stated *guaranteed* proceeds on the maturity of her Endowment.

A professional man (a bachelor with no dependents) said to me recently: "About twenty years ago, when I was about twenty-eight, I took out an Endowment Policy, primarily to encourage a younger married brother to take a policy also to protect his wife. My brother dropped his policy after a few years, but I continued mine until the maturity date twenty years later. I received the proceeds from the Endowment a few months ago. *It's the only investment which has ever turned out successfully for me!* I have lost about $15,000 through investments placed on 'tips' from friends. My only regret now is that I did not take out more life insurance when I was younger."

In your own case I would advise that you consider making application for a 30-Year Endowment Policy, which, when taken at your present age, would yield its proceeds to you when you are 57 year old—still young, or but middle-aged—so that premiums would be payable over the active years of your life. In a non-participating company, this policy would cost about $24.88 per $1,000. A policy in the sum of $20,000 on this 30 Year Endowment form would require an annual premium of less than $500 a year. You should bear in mind that in addition to building up a fund for yourself in case you survive to the end of the Endowment period, an estate is *immediately* created in the full amount of the policy for the protection of a beneficiary, after the first premium is paid. Although you have no dependents, you doubtless would like to feel that in event of your untimely death some loved one would receive this expression of your affection.

If the insurance were taken through a participating company under which premiums are reducible by an annual dividend, the cost would be about 20% higher in the early years than that quoted for the non-participating premium. In the final analysis the cost to the insured works out about the same under both cases.

Most Old Line life insurance companies issue policies to men up to age 65, and some even beyond that age. Companies vary regarding the limit of age to which they will grant insurance to women applicants, but there would be no difficulty at any age up to 60 or 65. The rate at age 60 is over $60 per $1,000 per annum. Most companies issue policies to women at the same rates as to men.

We prefer to abstain from giving

preferential or discriminatory advice regarding the desirability of insuring with one or two good Old Line companies as compared with the many others operating in this country.

Insurance furnishes cash at death to settle an estate. It is evident that you are likely to leave a considerable amount of property in event of your death. There life insurance is a desirable investment, since its proceeds are payable immediately upon receipt and approval of claim papers; while life insurance payable to a named beneficiary is exempt from inheritance tax.

FOR A YOUNG TRAVELING MAN

Necessity of Supporting His Mother Adds to His Problem

I have been reading your very interesting articles in THE MAGAZINE OF WALL STREET *on insurance problems. I would like to have your advice on the amount of insurance I should carry and the type of policies you would recommend in my case.*

I am 29 years of age, with good health and a steady position paying $2,725.00 per annum. My work requires me to do considerable travelling all over the country. I have been married two years and have no children. My father died over a year ago and left my mother with practically no income, so I am assisting her by sending an allowance out of my salary.

I have a $1,000.00 life insurance-20 payment policy, Berkshire Insurance Co., an accident and sick policy, principal sum $1,200.00, Masonic Accident Insurance Co., Mass.

I have been going to increase the amount of insurance carried, but was undecided on how much I should carry and the type of policy best suited to my case.

Your advice will be appreciated.—W. W. T., Dorchester, Mass.

You are quite right to plan for additional life insurance since you are at present considerably underinsured. You should take as much as you can possibly afford to assume—even to the extent of "pinching" yourself a bit, because you have the double responsibility of wife and mother for whom to provide in event of your unexpected death.

I would advise you to consider a 30-Payment Life policy under which all premiums would be paid up in your 59th year, if taken at your present age. This would cover the period of life when you would be normally in physical vigor and during which your income would be rising to its peak, while your old age would be free from the necessity of meeting premium payments. The 30-Payment Life policy costs but little more than the Ordinary Life (about $3 more per $1,000 on the non-participating plan) yet it has the advantage of payments being limited to the active years of life in your case.

I would suggest your considering $10,000 additional protection—$5,000 for your mother and $5,000 for your wife. In event of your mother's predeceasing you, the policy under which she is beneficiary could then be made payable to your wife. In a non-participating company the 30-Payment Life plan at age 29 calls for an annual premium of about $19.50 per $1,000 of insurance; while in a participating company the premium would be approximately $26 per $1,000, reducible by annual dividends. In the final analysis the cost works out about the same to the policyholder.

TRADE TENDENCIES

(*Continued from page 522*)

There is little doing in pig iron and foreign competition has again cropped up in the cast iron pipe field. French makers have secured some domestic orders of considerable size by underbidding American producers. The steel market, as inferred above, is giving indications of greater price stability which seems to presage a recovery after the summer influence passes. Average prices show a small gain for the first time in many weeks. Apparently, the mills are meeting with success in the attempt to withstand pressure for additional concessions.

Though there is little in the situation at present to suggest the appearance of vigorous buying or wide price fluctuations, the current period of comparative stability should give way to improvement later on.

RUBBER

Price Situation Serious

The crude rubber market has shown little disposition to afford relief from high raw material costs to the manufacturing industry. Sellers are taking every advantage of heavy consumption and the stringent supply situation to force stiff prices from consumers. Quotations recently jumped to 97 cents a pound, the highest figure witnessed in nine years. The future trend of the market is extremely uncertain.

Fundamentally, the steady advance in rubber is based upon a consistent expansion in demand, combined with the falling off in production due to the British restriction scheme. Stocks of rubber in London have dropped to 5,135 tons compared with 51,065 tons a year ago. The situation would seem to contain elements of danger, however, since it is apparent that the rise has induced a great deal of speculation. The most recent bulge is attributed, in many quarters, to trapping of an extensive "short interest." Where speculative activity is playing so large a part, accordingly, the possibility of vicious reactions is likely to increase as the market advances.

Tire companies have boosted selling prices 10 to 15% on casings and 30 to 35% on tubes. These increases are, nevertheless, hardly sufficient to make good the growing spread between raw material costs and quotations on finished goods. Production is being curtailed primarily because of the difficult crude rubber situation although consumption is still running to record proportions.

An increase of 10% in exports from the British plantations will go into effect on August 1. This, together with the decline in tire output may tend to rob crude rubber growers of

some of their advantages. Meanwhile, tire company profits should show up well for the first half year.

COAL

Labor Difficulties

The outlook for coal prices during the next several weeks would seem to hinge largely upon developments with respect to negotiations between the anthracite operators and miners. Notwithstanding the general suspension of mining operations in soft coal fields, weekly production figures are still running ahead of those for corresponding periods a year ago. Output in the anthracite fields is likewise heavier. The volume of current consumption is in excess of production but this fact has had little influence upon the market since quotations on bituminous have sagged to the lowest levels since 1922.

The hard coal unions demand a 10% increase in wages, a two-year contract and adoption of the "check-off," among other things. On the other hand, the operators are said to contemplate a 15 to 20% reduction in wages and claim that they have approximately 12 million tons of anthracite in reserve to meet the possibility of a strike on September 1.

Soft coal producers have been accused of violating the Jacksonville agreement which established the present soft coal wage scale last year. To this the former have responded by asserting that high wages have forced suspension of operations. The situation is, obviously, clouded with uncertainty. The outcome cannot be predicted beyond suggesting that a strike would undoubtedly be followed by a general stiffening of prices at the expense of the consumer, as is usually the case in such controversies. At the same time, buyers are probably better fortified with stocks than on previous occasions of the kind.

OVER-THE-COUNTER DEPARTMENT

(*Continued from page* 591)

stock ahead of the common. Working capital at the close of 1924 amounted to 11.66 million dollars, being in excess of the entire capitalization.

Regular dividends are being paid at the rate of $4 a share on the capital stock which also received extra payments of $1 a share in 1923 and 1924. Net profits have averaged $5.53 a share for the last six years and $6.10 during the period 1922-1924. Although the stock does not appear to have unusual possibilities, it may be classed as a semi-investment issue. The current 6.20% yield takes no account of the possibility of extra dividends which, if paid at the same rate as last year, would bring the return up to 7.7%.

KEEP POSTED

The books, booklets, circulars and special letters listed below have been prepared with the utmost care by investment houses of the highest standard. They will be sent free on request, direct from the issuing house. Ask for them by number.

We urge our readers to take full advantage of this service. Address, Keep Posted Department, Magazine of Wall Street, 42 Broadway, New York City.

THE FORMULA OF SAFETY

The salient features of this Formula of Safety as developed by an old established Bond and Mortgage House, are here set out for investors who would think before, rather than after, placing their funds. Ask for (327).

BUILD YOUR INCOME ON PROSPERITY'S PATH

This booklet tells you of the wonderful investment opportunities offered by the marvelous growth and prosperity of Miami, Fla. Send for your free copy. (325).

JOINT STOCK LAND BANK SECURITIES

We have issued our regular quotation sheet on this type of investment, showing capital stock, dividends, yields and book values. Send for your copy which will be sent gratis. (339).

6% AND SAFETY LIST

For over fifty years we have been assisting investors in the selection of sound securities and our information department has recently compiled this list which we will send you free. Ask for (313).

THE BACHE REVIEW

By reading this timely booklet but ten minutes a week you will be able to judge the market more accurately. Sent for three months without charge. (290).

SAVE MONEY

without sacrificing of safety of principal is the slogan of a well-known bond house specializing in odd lots. Plans and list of opportunities sent to all interested investors. Ask for (329).

INVESTMENT FEATURES OF COOPERATIVE APARTMENT OWNERSHIP AT JACKSON HEIGHTS

A valuable booklet prepared by the Queensboro Corp., which shows the moderate cost and advantages to be derived from owning your own home in a beautiful section a short distance from New York City. Ask for (336).

HOW TO JUDGE SOUTHERN MORTGAGE BONDS

This free booklet contains the net of this old-established Company's experience in the First Mortgage Investment Field in the South. Ask for (302).

THIRTY-FIVE YEARS OF PERSONAL SERVICE

Are you seeking a location for your plant? If so, send for this interesting booklet which will be sent free without obligation. Ask for 346.

Cumulative Index to Vol. 36

Pages 1-98, May 9, 1925;
Pages 99-190, May 23, 1925;
Pages 191-286, June 6, 1925;
Pages 287-382, June 20, 1925;
Pages 383-478, July 4, 1925

The Largest Corporation of Its Kind in the World

The Leader in One of the Most Important Branches of Banking

Operating in an unusual field—*Not an Industrial, Not a Public Utility, Not a Railroad,* but A FINANCE COMPANY. *A Federal Reserve Bank report says:*

"Finance Companies supplement our commercial banking system and supply a distinct economic need in our financial structure."

12th Year

Beneficial Loan Society

Largest Organization in the World Making Industrial Loans Only

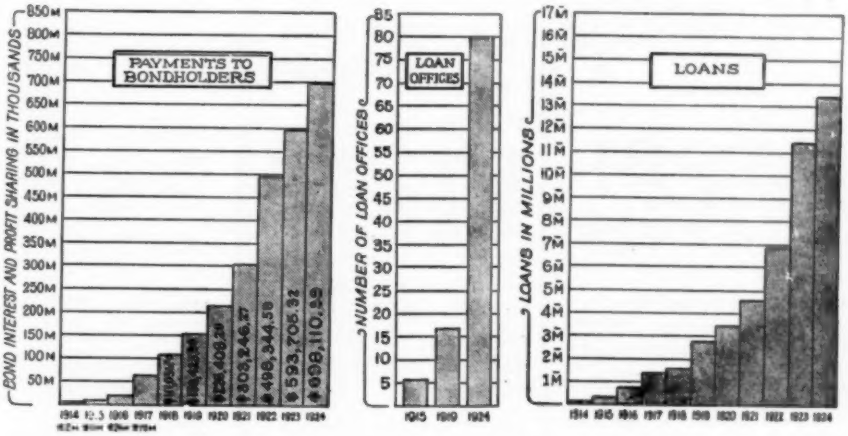
Over 7,200 investors throughout the country have a financial interest in this Corporation.

Licensed by State Banking Departments in many States
Operating a Chain of 80 Industrial Loan Offices

BENEFICIAL LOAN SYSTEM
Fiscal Year Ending January 31

	1915	1919	1924
Number of Offices Licensed	6	17	80
Total of Loans Made	$264,319	$2,857,922	$13,303,675

1925 Loan Business Is Estimated at $16,000,000.00
Amount Paid Bondholders $2,693,840.79



The Society is prosperous and steadily growing under capable and progressive management. Its books are carefully audited periodically. Profits are shared with bondholders—An Unusual Feature. Early holders of the 6% Debenture Gold Bonds carrying Profit Sharing Certificates now have:

(For each $1,000 invested)

1.	A Sound Bond (Par)	$1.000.00
2.	$690 in Interest	690.00
3.	$430 in Profit Sharing	430.00
4.	54 Quarterly Coupons yet to be paid	810.00
5.	14 Years More of Profit Sharing *(Payable as declared semi-annually)*	$$$$$.$$

In addition to actual dollars received they have enjoyed peace of mind through 11 years of the most drastic economic changes and readjustments. It is impossible to estimate in cold dollars the value of this enviable feeling of security.

Note: Persons interested in these bonds as an investment may obtain information from their brokers. We shall be glad to assist by providing analysis of bonds and name of nearest broker specializing in this issue.

TREASURER'S OFFICE 1400 MARKET ST., WILMINGTON, DEL.
or Beneficial Operating Bureau, 135 Broadway, New York

IDEAS
SERVICE
COMMODITIES

THE OPPORTUNITY EXCHANGE

A Clearing House For Business Men

MEN
AGENTS
BUSINESS
OPPORTUNITIES

Printing

LITHOGRAPHED LETTERHEADS
For $1.25 PER THOUSAND
COMPLETE

THIS low price applies to lots of 50M lithographed in black ink on our white Paramount Bond, 20 lb. basis. A Beautiful Strong Snappy Sheet. We can supply 25M at $1.50 per M; or 12,500 at $1.75 per M. On Billheads, Statements and Noteheads, size 5½ x 8½, our prices are 85c and 90c per M. ENVELOPES TO MATCH $1.50 PER THOUSAND. Booklet of Engraved Headings on our Paramount Bond sent you on request.

GEORGE MORRISON CO.
422-430 East 53rd St., New York City
TELEPHONES PLAza 1874-1875
Established 1898 Incorporated 1905

5,000 Hammermill Bond Letterheads, $14.00; 10,000 — $24.00; 25,000 — $56.50; 50,000 — $108.60; 100,000—$213.00. 8½ x 11 20 lb. Envelopes to match, same price. William W. Webb, Salisbury, Md.

Business Opportunities

Mining Superintendent-Engineer (39) Bituminous Coal, will invest moderate sum with services in proposition with future, preferably non-union field. High-class reference, Address Box 58, The Magazine of Wall Street, 42 Broadway, New York City.

We have Estates, Orchards, and Farms in the Shenandoah Valley offering splendid opportunities for investment, development, or speculation. Shenandoah Realty Company, Winchester, Virginia.

Producing royalties for sale.
F. P. Borden Co., Camden, Arkansas.

Charters

DELAWARE incorporator; charters; fees small; forms. Chas G. Guyer, 901 Orange St., Wilmington, Del.

Dividends

Dividends

PACIFIC GAS AND ELECTRIC CO.

A California enterprise with a national reputation *Owned by 32,000 stockholders*

DIVIDEND NOTICE COMMON STOCK DIVIDEND NO. 38

A regular quarterly dividend of $2.00 per share upon the common capital stock of this company will be paid on July 15, 1925, to shareholders of record at the close of business June 30, 1925

Earnings Statement 12 Months to May 31st

	1925	1924	Increase
Gross Operating Revenue	$46,067,918	$41,335,730	$4,732,188
Net Income	$17,675,672	$16,462,837	$1,212,835
Bond Interest and Discount	7,021,961	6,598,375	423,586
Balance	$10,653,711	$ 9,864,462	$ 789,249
Reserve for Depreciation	3,313,526	3,151,902	161,624
Surplus	$ 7,340,185	$ 6,712,560	$ 627,625
Accrued Dividends for 12 months:			
On Preferred Stock (6%)	$ 3,261,922	$ 3,214,425	$ 47,497
On Common Stock (8%)	3,293,920	2,848,559	445,361
Balance	$ 784,343	$ 649,576	$ 134,767

Listed on New York, San Francisco and other Stock Exchanges

San Francisco, California A. F. HOCKENBEAMER, *Vice-President and Treasurer*

ORPHEUM CIRCUIT, INC.

July 1, 1925.

The above named Company has this day declared a quarterly dividend of two (2%) per cent upon the outstanding Preferred stock, payable October 1, 1925, to stockholders of record at the close of business on September 15, 1925.

Also a dividend of fifteen cents (15c) a share on the outstanding common stock, payable August 1, 1925, to stockholders of record at the close of business on July 20, 1925; also a dividend of fifteen cents (15c) a share on the outstanding common stock, payable September 1, 1925, to stockholders of record at the close of business on August 20, 1925.

The stock books of the Company will not close for these dividends.

B. B. KAHANE, Secretary.

CLUETT, PEABODY & CO., Inc

Common Stock Dividend No. 40

The Board of Directors has declared a quarterly dividend of One Dollar and Twenty-five Cents per share on the Common Stock of the Company, payable August 1, 1925, to Stockholders of record at the close of business July 21, 1925. Checks will be mailed by the Irving Bank-Columbia Trust Company.

D. A. GILLESPIE, Treasurer.
Troy, N. Y., July 8, 1925.

The Baltimore & Ohio Railroad Co.

OFFICE OF THE SECRETARY
Baltimore, Md., June 24, 1925.

The Board of Directors this day declared for the three months ending June 30, 1925, from the net profits of the Company a dividend of one (1) per cent on the Preferred Stock of the Company, payable September 1, 1925, to the Stockholders of record at the close of business on July 18, 1925.

The Board also declared from the surplus profits of the Company a dividend of one and one-quarter (1¼) per cent on the Common Stock of the Company, payable September 1, 1925, to the stockholders of record at the close of business on July 18, 1925.

The Transfer Books will not close.

C. W. WOOLFORD, Secretary.

WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY

A dividend of two per cent ($1.00 per share) on the COMMON STOCK of this Company for the quarter ending June 30, 1925, will be paid July 31, 1925, to stockholders of record as of June 30, 1925.

H. F. BAETZ, Treasurer.
New York, June 20, 1925.

SOUTHERN RAILWAY COMPANY

New York, June 11, 1925.

A dividend of one and one-quarter per cent (1¼%) on the Common stock of Southern Railway Company has been declared payable on August 1, 1925, to stockholders of record at the close of business July 10, 1925.

C. E. A. McCARTHY, Secretary.

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Fairbanks-Morse Co.
Fisher Body Corp.
General Cigar Co.
General Motors Corp.
B. F. Goodrich Co.
Hammermill Paper Co.
Hines Lumber Co.
Hood Rubber Co.
Hupp Motor Car Co.
Geo. P. Ide & Co.
Jordan Motor Co.
Kirby Lbr. Co.
Knox Hat Co.
S. S. Kresge Co.
Lever Bros. Co.
Loose-Wiles Biscuit Co.
Maxwell Motor Co.
Otis Elevator Co.
Pennsylvania R.R. Co.
Simmons Co.
E. R. Squibb & Sons
Swift & Co.
The Texas Co.
Union Carbide Co.
West Penn Steel Co.
Western Electric Co.
White Motor Co.

Financial

Bonbright & Co.
Brown, Shipley & Co.
Central Union Trust Co.
The Cleveland Trust Co.
Equitable Trust Co.
Federal Reserve Bank, Chicago
Guaranty Trust Co.
Hayden, Stone & Co.
Hornblower & Weeks
A. B. Leach & Co.
Northern Trust Co.
Seaboard National Bank
Seattle National Bank
Spencer Trask & Co.
S. W. Straus & Co.

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Brown University
Columbia University
Cornell University
Dartmouth College
Harvard University
Lehigh University
Northwestern University
Ohio State University
Princeton University
University of Alabama
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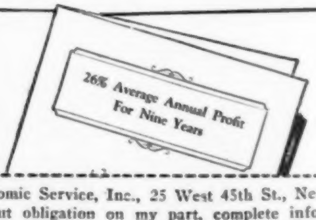

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